



Daily Report

East Asia

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Daily Report

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FBIS-EAS-95-127

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Japan

Tokyo To Protest 'Inaccurate' U.S. Fact Sheet

OW0107102195 Tokyo KYODO in English
1010 GMT 1 Jul 95

[FBIS Transcribed Text] Tokyo, July 1 KYODO — A senior Japanese trade official said Saturday [1 July] Japan will protest a U.S. fact sheet detailing Thursday's Japan-U.S. auto accord that he said includes an inaccurate explanation of the terms agreed on.

"The protest will be formally filed with the U.S. Government by (Masahide) Ochi, an adviser to the Transport Ministry," Yoshihiro Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry, told KYODO NEWS SERVICE at Narita Airport upon returning home from Geneva.

Sakamoto had served as one of the main Japanese negotiators at the Geneva talks on the bilateral dispute over auto trade, the last of three priority areas in the "framework" trade talks.

He expressed strong displeasure at the U.S. fact sheet issued on the heels of the bilateral auto accord, particularly with regard to Japan's deregulation of its auto-inspection system.

Sakamoto said it described "what had not been agreed to between the two countries as having been agreed to."

He also took issue with the U.S. fact sheet's explanation on an increase in the number of Japanese dealerships handling foreign motor vehicles.

The fact sheet gives the public the impression that the Japanese Government will play a part in boosting the number, Sakamoto said. He added that Ira Shapiro, general counsel for the Office of the U.S. Trade Representative, acknowledged the sheet included inaccurate explanations.

In addition, he said it is not correct to say that Japan has agreed in principle to remove restrictions on auto-accessory parts although such an explanation was indicated in the fact sheet.

The Japanese Transport Ministry may file a complaint with the U.S. on that score through diplomatic channels.

Before returning home, Sakamoto visited the headquarters of the European Union (EU) and the Organization for Economic Cooperation and Development (OECD), and France's Presidential Office to brief them on the Japan-U.S. auto accord.

Sakamoto said he told them the accord is based on the principle of most-favored-nation trade status as stipulated by the World Trade Organization (WTO) and that it does not discriminate against Europe.

Auto Negotiator Sakamoto: No Commitment Made

OW0107074995 Tokyo KYODO in English
0736 GMT 1 Jul 95

[By William Mallard]

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Japan's top auto negotiator said Saturday [1 July] he is not worried that the United States might seek to compel Tokyo to meet U.S. forecasts for auto parts purchases and increases in dealerships, included in Thursday's auto accord.

"The Japanese side made absolutely no commitment," to the U.S. forecasts of increased buying of foreign parts and new dealerships in Japan handling foreign cars, said Yoshihiro Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry (MITI).

But "no one can deny" that Washington may complain if the estimate, which it derived from Japanese automakers' plans, are not fulfilled, Sakamoto told KYODO NEWS SERVICE on the plane returning from Geneva talks.

In the agreement, hammered out in marathon bargaining by MITI Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor, the U.S. included its estimate with a disclaimer that the numbers were U.S. calculations, which Tokyo had no hand in.

Kantor estimated North American parts purchases by Japanese automakers will increase by \$6.75 billion in value by 1998.

President Bill Clinton also predicted the deal will net a \$9 billion increase in U.S. auto parts purchases by Japanese companies over three years.

Sakamoto acknowledged that the Japanese loosened their stance a bit in agreeing to "welcome" the Japanese automakers' plans, which the governments orchestrated to be released almost simultaneously with the agreement.

MITI officials had previously said the government could not even mention private-sector plans. And they had complained that Washington was trying to turn Japan's vague goal into a binding commitment that it seeks to enforce with heavy-handed threats.

In the accord, Hashimoto explicitly said the plans are "outside the scope and responsibility of the government."

But, said a senior Commerce Department official, "with the Japanese, when you've got numbers, you've got what you need."

Sakamoto said it was an "American perception" that Japan would give in at the last minute under its threats of trade sanctions and agree to endorse the figures.

But Thursday morning, with the sanctions deadline just hours away, the U.S. suddenly dropped the demand and let Japan escape any commitment to the U.S. forecasts, he said.

The Japanese negotiators had no choice but to insist to the end on an agreement that did not violate global trading rules, Sakamoto said. "Japan had no other card to play," he said.

Tsutsumi Comments on Auto Accord With U.S.

OW0107014695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Jun 95 p 5

[FBIS Translated Text] Speaking about the recently settled Japan-U.S. auto talks, Administrative Vice Minister Tomio Tsutsumi of the Ministry of International Trade and Industry [MITI] told a news conference on 29 June that Japanese negotiators did not make a compromise to avoid sanctions. He insisted: "The negotiation team in Geneva did not feel the pressure of the United States possibly imposing sanctions against Japan."

Tsutsumi said he believed the old way of pressing for concessions in talks, under the threat of sanctions, no longer works in the international community, asserting: "From a number of discussions since the OECD ministerial conference (in May), we have come to realize that it would be difficult for the United States to apply its Trade Act Section 301" in imposing sanctions against Japan.

Relating to the accord reached between MITI Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor, another senior MITI official noted on the same day that "there are no numerical targets set" and stressed that "the U.S.-announced numbers are no more than estimates." He added: "To compare with the semiconductor agreement, it is clear that the government is not involved [in setting numbers]." He thus implied that even the United States does not take them [numbers] as a commitment made by the Japanese Government.

MITI Official Views Trade Accord

OW0207123095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Jun 95 Evening Edition p 3

[Report by Takatoshi Tachibana]

[FBIS Translated Text] Geneva, 30 Jun — Osamu Watanabe, director general of the Machinery and Information Industries Bureau under the Ministry of International Trade and Industry, who participated in the

Japan-US auto talks in Geneva, granted an interview to this NIHON KEIZAI SHIMBUN reporter, and said: "Taking the U.S. domestic situation into account, Japan could not help but provide figures at the talks." He indicated his understanding that to work out an accord, Japan could not but agree to include numerical values based on U.S. estimates in the joint statement. However, he stressed: "These figures were collected by the United States in its own way. Therefore, the accord is different from the semiconductor agreement which was taken as Japan's commitment because it was written in the agreement that 'Japan has indicated its understanding.'"

With regard to the accord reached this time, Director General Watanabe stressed that "it was not an outcome of ambiguous compromises." Then, he added: "While Japan was able to persist in its argument that no numerical targets would be acceptable, the details will enable the United States to somehow explain the outcome to the people at home." Thus, he disclosed that the accord was worked out on the basis of conditions of utmost limits for both sides.

Dailies Comment on Auto Trade Accord With U.S.

'Wealth of Contradictions' Noted

OW0107142195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Jun 95 Morning Edition p 2

[Editorial: "'Small Agreement' and 'Big Compensation' of Japan and the United States"]

[FBIS Translated Text] A situation has been averted in which Japan and the United States, both economic giants, clash head-on over the auto issue. Perhaps, many people in the world are now feeling relieved. It is also certain that many others in the world are feeling the vanity of repeated political compromises between Japan and the United States that are taking on the tinge of managed trade against the backdrop of sanctions pressure from the United States. A "small agreement" reached between Japan and the United States entails a "big compensation."

Now that a deal struck between Japan and the United States on auto trade has averted the U.S.-threatened auto sanctions, the Clinton administration is able to avoid being tainted with the bad name of an anti-free trader. Damage to Japanese automakers and U.S. car dealers selling Japanese cars has been averted. Fears that the continued deadlock in Japan-U.S. auto negotiations would create a rift in overall relations between Japan and the United States have also been removed.

The agreement, which "has no steering wheel for fear of colliding with other cars," has a wealth of con-

traditions. International Trade and Industry Minister Hashimoto said, "We succeeded in avoiding numerical targets." Yet a joint statement incorporated some specific figures as an estimate on the part of the United States. The joint statement referred to an increase of \$6.8 billion in the purchase of U.S.-made auto parts by Japanese automakers and 1,000 Japanese car dealers selling foreign cars. Though the Japanese Government has insisted that it would not interfere in private business, it seems that both sides reached a compromise with their differences on the numerical targets unresolved. President Clinton has stated, "The agreement makes it possible to measure results."

The numerical targets have been the thorniest issue in the Japan-U.S. auto negotiations. There is a fear that since no agreement was reached on the issue of numerical targets, the auto dispute will flare up again in the future. Japan must keep this point in mind.

It can be said that the compromise reached between Japan and the United States is pouring cold water on the World Trade Organization (WTO), which is trying to establish free trade through multilateralism. The fear stems from the prospect that the tactic of wringing compromises through unilateral sanctions pressure, considered to be inconsistent with WTO rules, will be tolerated. THE NEW YORK TIMES said the "agreement was reached between the two countries under U.S. threats." If the U.S. Government, inspired by the agreement reached between Tokyo and Washington, continues to resort to the same tactic, it would risk facing economic friction with other Asian nations.

The Japanese Government has refused to budge from its position against managed trade and continued to say "no" to U.S. trade demands in the auto negotiations with the United States. Many Asian nations and European nations supported the position taken by the Japanese Government. Economists in the world, too, supported the position. In the last round of the auto negotiations, however, the Japanese Government had no choice but to put voluntary plans of Japanese automakers on the agenda of the auto negotiations, and their voluntary plans are supposed to be out of the government's reach. As long as the U.S. Administration continues to speak for special interest groups and the Japanese Government continues to provide its administrative guidance which could lead to managed trade, trade friction will continue between Japan and the United States.

The only way for Japan to break the deadlock in Japan-U.S. economic relations is to seek to overhaul its economy. Japan should open its market, relax regulations, and reform its administration to the point where other nations cannot mention the closed nature of Japanese

market. The coordination of individual sectors has no effect on reducing Japan's trade surplus. Japan is now in the stage where it expands domestic demand by implementing macroeconomic policy and setting targets for cutting its current account surplus. The United States should work to eliminate the shortage of savings which is one of the factors responsible for its current account deficit and reduce its fiscal deficit.

There is no victor in a trade war. In the boundless economy, if a company suffers a damage, a company in another nation will also suffer the same damage. In particular, both Japanese and U.S. enterprises are deepening their interdependence. Any trade dispute on the premise of short-sighted national interests is incompatible with the realities of the global economy. As long as both Japan and the United States fail to face up to the new realities of the world economy and to lead the WTO, they will be unable to build a "relationship of adults."

Differences in Interpretation Cited

OW0207160195 Tokyo SANKEI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 2

[Editorial: "The Auto Accord Is Interpreted Differently by Japan and the United States"]

[FBIS Translated Text] The Japan-U.S. auto talks were concluded on the night of 28 June (Geneva time), at the last moment before the deadline for U.S. sanctions. People concerned with the auto talks must be relieved at the result. At any rate, it is highly regarded that a head-on collision between Japan and the United States has been evaded.

The administration of President Bill Clinton, which advocates change, has adopted an other-than-conventional style in trade negotiations. In dealing with the Japan-U.S. economic framework talks, on which an accord was reached at the 1993 July meeting between then-Prime Minister Kiichi Miyazawa and President Clinton, the Clinton administration demanded from the beginning that the U.S. share of the Japanese market on a product-by-product basis be increased, and maintained that Japan should purchase whatever the United States produced.

The statement announced by the United States after the latest agreement includes specific figures that could be considered numerical targets. For example, the statement says: 1) The five major Japanese car makers will increase the amount of auto parts purchased in the United States to \$6.75 billion by 1998; 2) they will import foreign parts worth \$6 billion by the end of 1998; and 3) the number of foreign car dealerships in

Japan will be increased to 1,000 by the end of the year 2000. The Japanese Government has taken the position that "although U.S. Trade Representative Kantor says what he likes about the statement, the Japanese Government was not totally involved in" arriving at the figures estimated by the United States, (as stated by Ryutaro Hashimoto, minister for international trade and industry).

Such a different interpretation by Japan and the United States, which can be described as "dosho-imu" [the horse thinks one thing, and he that saddles him another], came to the fore after an agreement was reached on objective criteria at the Miyazawa-Clinton meeting, the starting point of the current framework talks. This different interpretation also led to the misunderstanding between Japan and the United States. The Japanese Government probably intends to avert possible U.S. pressure by using the sentence in the joint statement that the Japanese Government "had no involvement in" estimated figures. However, if Japan fails to accomplish goals mentioned in the latest agreement, there is a possibility that the United States will again threaten sanctions based on Section 301 of the 1974 Trade Act (on retaliatory actions against unfair trade practices). The Japanese Government needs to call the special attention of the U.S. Government to that point.

Meanwhile, the newly founded World Trade Organization (WTO) played a great role in concluding the recent Japan-U.S. negotiations. The WTO has much more stronger dispute-settling functions than its predecessor, GATT. It has, in principle, banned unilateral actions such as Section 301 of the U.S. Trade Act, and has strengthened the functions of its panels. It can be said that in response to Japan's filing a suit with the WTO, the United States made concessions, believing that it would most likely lose the case.

From now on, the United States will virtually not be able to, or not be allowed to, take unilateral retaliatory measures in which it concurrently serves as prosecutor, judge, and even executioner. If Japan and the United States fail to settle a bilateral economic dispute in the future, they should leave a decision on the case to the WTO in the end. This is the greatest lesson from the recent Japan-U.S. negotiations.

'Ambiguous Points' Outlined

*OW0107144595 Tokyo MAINICHI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 5*

[Editorial: "U.S. Coolly Takes Material Gains"]

[FBIS Translated Text] The Japan-U.S. negotiations on autos and auto parts were settled just before the deadline for U.S. sanctions. U.S. President Bill Clinton made a

brave decision to drop his demand for numerical targets, and, as a result, he took material gains instead of saving face.

We highly appraise the efforts of those who finally settled the difficult negotiations. To prevent controlled trade, Japanese negotiators refused numerical targets to the end. Their definite attitudes are welcomed by both the Japanese and international communities.

As a matter of fact, the Japan-U.S. agreement has some ambiguous points, and those may trigger another bilateral dispute in the future.

In the agreement, Japan successfully downgraded target figures to "expected figures," and incorporated a clear notation that the agreement does not affect any other negotiation fields.

On the other hand, the United States is likely to obtain considerable profits from automakers' larger demand for U.S.-made auto parts, the expansion of dealerships in Japan, and deregulation of after-market auto parts. President Clinton gained good marks on the eve of the 1996 presidential election.

The U.S. concession on numerical targets is probably because the United States had to give consideration for international criticism of unilateral sanctions going against the rules of the newly established World Trade Organization (WTO).

The WTO passed its first crisis when the world's first and second largest economic powers settled a bilateral dispute.

In future trade negotiations, Japan is supposed to attach importance to multinational talks under the WTO rather than settlements on a bilateral basis.

The settlement of the auto talks does not necessarily mean the conclusion of trade frictions between Japan and the United States. The two nations currently have disputes over air cargo and photographic film. We had better consider that disputes with the United States may become even more severe, as both nations are leaning toward economic nationalism.

Japan enforced its opinion in the auto negotiations, but this does not mean Japan has no responsibility for voluntarily opening its exclusionary market. We consider some target figures are needed to reduce the nation's huge trade surplus. This is the time for Japan to demonstrate its sincere intention to work on reducing the trade surplus.

In the last several years, some U.S. opinion leaders have often insisted that the United States must inflict some damage on Japan, even if it entails a certain cost.

In this connection, the U.S. Government could have decided not to settle the auto talks before the presidential election.

However, both Japan and the United States had their own reasons to avoid a crisis in bilateral relations. Japan and the United States still consider bilateral ties important.

On the grounds of the latest agreement, the two nations should try their best to strengthen relations. In addition to their cooperation on the global population and AIDS problems, they should positively expand bilateral cooperation in various fields.

Japan should positively open its market in fields where the United States has a leading position, such as computer systems.

Japan-U.S. harmony in the Asian market is also important. Coexistence and coprosperity in Asia are helpful for the reinforcement of bilateral relations in security and all other fields.

The U.S. Government and Congress are beginning to seriously deal with the reduction of fiscal deficits. Their efforts will be helpful to narrowing the economic imbalance between Japan and the United States.

Taking the opportunity of the latest agreement, both Japan and the United States should establish comprehensive strategies for building up bilateral harmony.

Business Leader on Auto Agreement With U.S.

OW0107035295 Tokyo ASAHI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 10

[Comments by Yotaro Kobayashi, president of the Japan-U.S. Economic Consultative Council]

[FBIS Translated Text] It is believed that both Japan and the United States had strong intentions of striking a deal one way or another at their latest auto talks, and their strong intentions led the two countries to seek a compromise.

It appears the U.S. Government felt a stronger backlash than anticipated from other nations when it announced its plans for sanctions against Japan. Meanwhile, the U.S. Government's tough stand on Japan has had a certain political effect at home. The Japanese Government has stuck to its principles in the auto negotiations, and Japanese automakers have room to expand their car production in North America. These factors are behind the compromise reached between Tokyo and Washington.

The question is how to deal with figures that were announced by the United States on the amount of U.S.-made auto parts to be purchased by Japanese automak-

ers and the number of Japanese car dealerships selling foreign-built cars. The agreement has the potential to sow the seeds of future trade friction between Tokyo and Washington because of its ambiguity. Such ambiguity is inevitable in the case of this agreement. Since a joint statement explicitly pointed out that "the Japanese Government will not interfere in private business," it is important for the Japanese Government to work to keep the United States from mistaking both the amount of U.S.-made auto parts purchases and the number of Japanese car dealerships selling foreign cars as a "commitment" by Japan. The U.S. auto industry has failed to hold talks with the Japanese auto industry to discuss ways to defuse the auto dispute, out of consideration for the hawkish Clinton administration. The auto dispute was an issue that could have been resolved by the auto industries of the two countries. Both Japanese and American private enterprises should candidly discuss problems involving the Japanese market and cooperate with each other in expanding access to the market for U.S. goods and services.

Auto Parts Group To Promote Global Business

OW0107022195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 29 Jun 95 Evening Edition p 3

[FBIS Translated Text] On 29 June, the Japan Auto Parts Industries Association released a "global plan for the promotion of international cooperation." Under the global plan, the association will 1. hold the third round of talks with the American Auto Parts Industries Association (MEMA) in November to discuss ways to promote business opportunities; 2. work to arrange business dealings between Japanese auto parts makers and the Canadian Auto Parts Industries Association (APMA) and the European Auto Parts Industries League (CLEPA); and 3) study ways to promote industrial cooperation with other Asian nations.

Toyota: Automakers To Implement Purchase Plans

OW0307124495 Tokyo KYODO in English
1222 GMT 3 Jul 95

[FBIS Transcribed Text] Tokyo, July 3 KYODO — The chairman of Japan's top automaker Toyota Motor Corp. said Monday [3 July] that Japanese automakers will faithfully abide by their global purchase plans that helped solve the Japan-U.S. automotive trade dispute last week.

"We have stated the steps we can take and we will implement them without fail," said Shoichiro Toyoda, chairman of Toyota and head of the powerful Federation of Economic Organizations (Keidanren).

Five Japanese automakers, led by Toyota, unveiled plans for purchasing foreign-made auto parts and expanding overseas production before Japan and the United States struck a deal in Geneva, ending the two-year dispute that had been a major stumbling block to negotiations for a new framework for bilateral trade.

Toyoda, however, said he is worried that their programs will be regarded by the U.S. side as numerical targets for opening the Japanese market.

He expressed his belief that mutually trustworthy relations will be established between the two nations if the Japanese automakers continue to expand their purchases from foreign suppliers over the next 10 year period.

Roundtable Discussion on Auto Accord, Trade Ties
OW0307003295

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 2 July in its "Sunday Discussion" program carries a 60-minute roundtable discussion involving Osamu Watanabe, director of the Ministry of International Trade and Industry's (MITI) Machinery and Information Industries Bureau; Ira Wolf, vice president of Eastman Kodak and former assistant USTR official in charge of Japanese and Chinese affairs; Susumu Tenporin, representative secretary of the Japan Association of Corporate Executives and chairman of Mitsui O.S.K. Lines, Ltd.; commentator Naoki Tanaka; and Atsushi Kusano, Keiogijuku University professor.

The discussion is moderated by NHK commentator Takashi Yamamoto.

Yamamoto begins the discussion by asking Watanabe what was the largest factor in bringing about agreement at the Japan-U.S. auto talks. Watanabe says public opinion in the international community as well as in the United States forced President Clinton to change his stand at the last minute and make the decision not to apply sanctions against Japan.

He is then asked if the numerical targets sought by the United States were the main cause of dispute over the auto issue.

Watanabe says: "The biggest problem came over plans by Japanese automakers to expand the purchase of auto parts. They were demanding that we predict firm figures for the purchase of auto parts." He adds that numerical targets on the issue of auto dealers in Japan that sell U.S.-made cars was another major obstacle.

He is asked if, during the negotiations, he felt sanctions were unavoidable.

Watanabe says: "I believed in the good sense of the United States."

He adds: "However, I could not rule out the possibility that the president, who enjoys a high support rate, might introduce a drastic measure to maintain that support rate by making a political decision that violated economic logic."

Tenporin joins the discussion and says that although he welcomes the agreement, neither country talked about fundamental structural problems at all.

He says: "Therefore, I do not think we settled the dispute as far as the structural issues are concerned."

Wolf says that he, too, is pleased Kantor and Hashimoto were able to reach agreement. He adds that the United States repeatedly said it was not setting a numerical target but a yardstick by which to measure the degree of Japan's market liberalization.

Asked which side won the negotiations, Tanaka says: "My understanding is that the United States backed down at the last minute."

He adds: "The important message provided by the agreement is that Japan and the United States, after all, maintain firm economic and political relations. This is a very important message, not only to the people of both countries but also to the world."

Yamamoto asks Watanabe why it took so long to settle the issue. Watanabe says the United States insisted right up to the final day of the talks on the need for Japan to come up with a numerical target.

Kusano points out there is a difference between the two countries in interpretation of the final paragraph of the agreement, saying: "White House Spokesman McCurry said that the United States will keep a very close watch on the auto parts issue. This was confirmed by a senior U.S. Trade Representative official at a news conference yesterday. Obviously, there is an interpretational difference between the United States and Japan."

Watanabe is asked why blank spaces were left in the final agreement that the United States later unilaterally filled with figures.

Watanabe says: "The United States wanted to include figures in the agreement but, as Mr. Yamamoto said, Minister Hashimoto had stated that it was up to the United States if it wanted to write in its own figures, but it was beyond the power of the Japanese Government to fulfill them and we will have nothing to do with such figures. This was clearly written into the document."

Tenporin says the structural issue was not discussed at the auto talks and it is obvious Japan's car inspection

system is unfair not only to other countries but also to Japanese consumers.

He says: "In this sense, I think structural matters will be a problem in the future."

Wolf says he was frustrated and disappointed by Japanese bureaucrats who refused to ease government regulations.

Yamamoto asks Tanaka why Japan is still unable to promote deregulation.

Tanaka says: "No party ever became a ruling party after pledging to the people it would completely remove regulations. After all, this is the biggest reason why the government is unable to remove bureaucrats, who oppose deregulation."

He adds: "How can we form a party that is able to pledge during the forthcoming general election campaigns, including the forthcoming upper house election, to remove economic regulations? This is the most important thing."

Temproin is asked how Japan can reduce its trade surplus.

He says: "Reducing the trade surplus is the largest task confronting Japan. This is not a matter for the United States but for the Japanese."

He adds: "Japan should expand its imports."

Watanabe agrees Japan has too many regulations.

He said: "Fifty years have passed since the end of the war and we have been working hard for stability in Japan. However, it is undeniable that, almost before we realized what had happened, Japan had become a country full of regulations." He, too, explains the need to increase imports.

Referring to the USTR's recent decision to investigate the complaint by Eastman Kodak into the closed nature of the Japanese photographic market, Tanaka is asked to comment on the U.S. policy of carrying out negotiations while, at the same time, hinting at the possibility of imposing sanctions.

Tanaka says: "This is a stand which has become very noticeable since the Clinton administration came to power." He says Congress is also opposed to this Clinton administration strategy.

Watanabe says: "The United States and Japan, which are the top two economic powers, should not turn every economic problem into a political issue."

MITI Reports on U.S. Industrial Dependence

OW0107122695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 5

[FBIS Translated Text] The ratio of U.S. industry's dependence on Japan is rapidly growing, an estimate by the Ministry of International Trade and Industry [MITI] said.

In a report released on 29 June, MITI said that in 1990, U.S. industry depended more on demand from the Japanese market than Japan depended on the United States. According to an estimate based on data of the international industry correlation table, if demand in the Japanese market expands by \$100 million, U.S. production increases by \$2.8 million dollars. However, a \$100-million increase in U.S. demand boosts Japanese output only by \$2.77 million. Japan's ratio of susceptible demand to total production is 1.6 percent, while that of the U.S. is 1.8 percent, MITI said.

The MITI Research and Statistics Department noted: "Judging from the estimate, the United States would suffer greater damage when both Japan and the United States cut the same amount of imports from each other." The department said if Japan and the United States had not reached the auto trade accord on 28 June, U.S. sanctions would have been less effective than Japanese countersanctions.

According to the MITI estimate, the U.S. auto sanctions against Japan (projected at \$5.9 billion) could bring about \$165 million in damage to the U.S. market; however, Japan's damage from counteractions to the U.S. sanctions would remain at \$163 million, or \$2 million smaller than that on the United States.

U.S. Likely To Probe Photo Film Market

OW0207163695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Jul 95 Evening Edition p 1

[FBIS Translated Text] It has become more likely that the Office of the U.S. Trade Representative (USTR) may announce on 3 July its decision, on the basis of Section 301 of the U.S. Trade Act, to start investigations into Japan's photo film market to determine if it is closed or not. In connection with this matter, a Ministry of International Trade and Industry [MITI] source stated in refutation: "Japan's import of photo films has been increasing. The United States misunderstands this fact." Moreover, strong concerns have been voiced that trade frictions may smolder until the U.S. presidential election next year.

In connection with the auto talks, various Asian and European nations have strongly opposed the U.S. plan to impose sanctions against Japan on the basis of

Section 301 of the Trade Act. MITI has thus regarded "the settlement of the auto talks as a deterrent to the possible U.S. application of the Trade Act," (as stated by the Ministry's Administrative Vice Minister Tomio Tsutsumi.) Under such circumstances, the ministry is even more concerned over the possibility that "efforts to settle frictions will fall short of expectations" if the United States should actually decide to launch investigations.

Even if the United States decides to start investigations of the photo film market, it will be a year before the decision is made on whether to impose sanctions or not. However, the United States has never stopped pressing Japan to open its markets by taking unilateral measures. In this connection, MITI is watching the development of the situation with caution.

Trade Official: No Talks With U.S. on Film

*OW0307145395 Tokyo KYODO in English
1439 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — A senior trade ministry official vowed Monday [3 July] not to hold talks with Washington over a U.S. demand for greater access to Japan's photographic film and paper market despite the start of an official U.S. probe into the matter.

"Generally speaking, Japan will not hold negotiations under (the threat of) Section 301" of the 1974 U.S. Trade Act, said Tomio Tsutsumi, vice minister of the Ministry of International Trade and Industry (MITI).

The U.S. Trade Representative Office announced its decision to start a probe into alleged trade barriers that have locked Eastman Kodak Co. out of many of Japan's distribution channels for photo-related goods.

A senior official at MITI's Basic Industries Bureau, said the USTR decided to pursue the Kodak complaint "because Kodak has got behind it persons well connected with the ustr office who were involved in bilateral trade talks concerning U.S. demands for greater access to semiconductors and mobile phone markets."

He was apparently referring to Alan Wolff, former USTR official and a lawyer of Dewey Ballantine, a New York-based law firm that represents the U.S. in its talks with Japan, as well as Ira Wolf, ex-chief of the USTR's Japan office.

"If the U.S. Government sided with individual companies, it would undermine its creditability," he said.

MOF Agrees To Talks With EU on Alcohol Tax

*OW0207055695 Tokyo YOMIURI SHIMBUN
in Japanese 1 Jul 95 Morning Edition p 7*

[FBIS Translated Text] The European Union (EU) requested on 23 June that bilateral consultations be held on the alcohol tax issue. In response, the Ministry of Finance [MOF] gave an official reply on 30 June that it "would comply with this request." The EU maintains: "In Japan, there is a gap between the tax rate set for Western spirits such as whiskey, gin, and rum and that for shochu [Japanese low-grade distilled spirits]. And this constitutes a nontariff barrier." Therefore, the EU is calling on the ministry to close the gap between the different tax rates.

The first session of the consultations is expected to be held at the section-chief level in early July in Geneva. In case the two sides should fail to resolve the issue within 60 days from the day the demand was made, the EU can ask to set up a dispute settlement panel.

Defense Chief Condemns DPRK Asking for Rice

*OW3006132095 Tokyo KYODO in English
1259 GMT 30 Jun 95*

[FBIS Transcribed Text] Sapporo, June 30 KYODO — Defense Agency chief Tokuchiro Tamazawa scorched North Korea on Friday [30 June] for seeking rice aid from Japan, saying the communist state should first halve its million-strong military.

"If (North Korea) really wants Japanese rice, then cut that military of one million troops to 500,000 and become a pacifist state and an international nation," Tamazawa told an audience at a gathering for a candidate for July's House of Councillors poll.

"Because one million of the people in North Korea's population of 20 million are in the military, there's no one to work on the farms. There's no one to work for the economy," Tamazawa said.

"This is why their GNP has shrunk the last five years and why there is a food shortage," declared the defense chief.

Japan and North Korea on Friday evening signed an accord under which Tokyo will supply 300,000 tons of rice to Pyongyang to alleviate a food shortage.

Japanese officials said Japan will supply half of the rice free of charge via the Japanese Red Cross Society and the remaining half under a 30-year yen loan contract with a 10-year grace period.

DPRK Official: Rice Deal May Improve Ties

SK0207001295 Seoul THE KOREA HERALD
in English 2 Jul 95 p 2

[FBIS Transcribed Text] The head of a North Korea delegation said the latest agreement on rice supply between Tokyo and Pyongyang may pave the way for improved relations between the two countries, a Japanese newspaper reported Saturday.

"I think the agreement between the two countries, which don't have diplomatic relations, may have a favorable impact (on normalizing the relations), Yi Chong-hyok, vice chairman of the Committee for Peace in Asia and Pacific, who led the delegation, said in an interview in the MAINICHI SHIMBUN newspaper. [no closing quotation mark as published]

Japan and North Korea concluded six days of rice talks Friday. They signed an agreement for Tokyo to supply Pyongyang with 300,000 tons of rice.

Half the rice will be sent as grant in aid via the Japanese Red Cross society.

Editorial Critical of Rice Aid to DPRK

OW0107062995 Tokyo SANKEI SHIMBUN
in Japanese 29 Jun 95 Morning Edition p 2

[Editorial: "Tokyo's Rice Aid to Pyongyang Deepens Doubts"]

[FBIS Translated Text] A general framework has been set up for Japan's rice aid to North Korea, which is facing a serious food crisis. Under the general framework, Japan will first provide 300,000 tons of rice to North Korea on credit and then will consider providing additional rice to North Korea in response to changes in circumstances.

With regard to Japan's rice aid to North Korea, we have pointed out that 1) Japan should provide rice aid to North Korea in close consultation with South Korea, and 2) if the government and ruling parties emphasize that Japan's rice aid to North Korea is "humanitarian aid," they need to clarify the purpose of the aid. We want to add that if the rice aid to North Korea does not serve Japan's national interests, it would be meaningless.

What was the result? South Korea has begun to ship 150,000 tons of rice free of charge to North Korea ahead of Japan, and this has prevented the relations of Japan and South Korea from worsening. It is fortunate. South Korea first offered rice to North Korea. But North Korea asked Japan instead for rice, after dismissing the South Korean offer. It was a first-class diplomatic tactic aimed at a split in Japan-South Korea relations. From the beginning, some senior legislators in the ruling

parties dealt with the North Korean request for rice, saying, "Japan should provide the rice to North Korea in any case." We feel a strong sense of crisis in their thoughtless political decision.

The government uses taxes paid by the people to provide rice aid to North Korea. It remains doubtful whether the rice aid to North Korea is genuinely humanitarian aid. No matter what understanding was reached in the final phase in the process of negotiations, the government and ruling parties failed to draw honest answers from North Korean officials to questions about specific indications of the actual state of the food shortage in North Korea and about Japan's misgivings about the possibility of Japan's rice being diverted to military consumption.

Originally, in the state system of North Korea, there is no "real humanitarian aid" as referred to in the West. North Korea is suffering from shortages of foreign currency, and it is doubtful that North Korea can repay the rice, even if the rice is provided by Japan to that country on extremely low-interest credit terms. The government and ruling parties need to pay attention to this stark fact.

Nevertheless, legislators in the ruling parties and senior officials in the government held a series of talks with North Korean officials to look for a "compromise plan" in a bid to fulfill the rice request from North Korea. This is ridiculous. Even if they had the political aim of drawing down the stockpile of imported rice, which is seen as taboo, and of using the rice aid as an opportunity to make North Korea go along with Japan's call to resume the stalled Japan-North Korea normalization talks, it can be said that the "brinkmanship" that North Korea showed in the process of negotiations once more outshone Japan's diplomacy.

Japan cannot provide any humanitarian aid in an unprincipled way to a nation that can pose a threat to its security. If the government fails to make North Korea soften its stubborn insistence on its suspected nuclear development, "post-war reparations," and the issue of abducted Japanese women, it would be unable to win the people's support for the rice aid to North Korea.

DPRK Criticizes Private Fund for 'Comfort Women'

OW0207095795 Tokyo KYODO in English
0935 GMT 2 Jul 95

[FBIS Transcribed Text] Tokyo, July 2 KYODO — The Japanese Government should take the responsibility for compensating Asian women forced to provide sex for Japanese soldiers before and during World War II, a North Korean nongovernmental group on the issue said Sunday [2 July].

The group, releasing a comment by team leader Yi Song ho at the UN University in Tokyo's Shibuya Ward, criticized Japan's plan, announced last month, to set up a private fund to compensate the so-called "comfort women".

The group said it has found some 220 former sex slaves in North Korea as of June and heard testimony from 47 of them.

North Korean women taken to Japanese wartime brothels protested against the private-fund plan, saying what they need is not money but dignity, the group said.

During a seminar on the "comfort women" held at the university by the Geneva-based International Commission of Jurists, some of the women allowed the team to display photographs of scars inflicted on their bodies by Japanese soldiers.

An estimated 80,000 to 200,000 women, mostly Koreans but also Filipinas, Indonesians, Chinese and Dutch, were forced to serve as comfort women at frontline brothels for the Japanese Imperial Army before and during the war.

Mitsubishi To Review U.S. Dumping Petition

*OW0307084495 Tokyo KYODO in English
0820 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Mitsubishi Heavy Industries Ltd. (MHI) said Monday [3 July] it will deal with Rockwell International Corp.'s dumping petition after studying contents of the complaint.

Rockwell last week filed the complaint with the U.S. Commerce Department and the International Trade Commission (ITC) against Mitsubishi and German firm Man Roland, saying they export printing presses to the United States at prices "substantially lower than their cost of production."

Mitsubishi said it received an order in May for eight printing presses from the WASHINGTON POST newspaper but declined to disclose the contract value.

Under U.S. antidumping law, a preliminary determination of whether the imports are causing or threatening material injury to the domestic industry will be made by the ITC within 45 days, with imposition of antidumping duties in 160 days.

Nissan To Purchase Diesel Engines From Peugeot

*OW0207165695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 1*

[FBIS Translated Text] The Nissan Motor Co., Ltd. plans to purchase 1,200-cubic-centimeter [cc] diesel

engines from French automaker Peugeot to power compact cars Nissan manufactures in the UK. Nissan, which plans to install the engine in these compact cars as early as 1998, is expected to purchase 10,000-20,000 units from the French automaker annually. In its voluntary auto parts purchase plans announced ahead of the Japanese-U.S. accords over automobile trade, Nissan indicated its intention to increase purchases of not only U.S.-made auto parts, but also those made in Europe. The French Government, however, sternly pointed out: "It will be necessary to carefully discern whether (the Japanese-U.S. accords) are applied equally to auto parts makers of countries other than the United States." The Japanese Government plans to accept the EU's "monitoring the implementation of the accords." Thus, the French automaker's diesel engine will be the centerpiece of the Japanese automaker's European auto parts purchase plans.

It will be Nissan's first purchase of engines made by other automakers. The engines will be installed on the "Micra" (known as "March" in Japan), a compact car made by the NMUK (Nissan Motor Manufacturing of the UK, based in Tyne and Wear) for European markets. Currently, only a gasoline-powered model is available, but in the European markets, there is growing demand for diesel engines, which have better mileage and lower carbon dioxide emissions compared to gasoline engines.

The NMUK produced 228,000 cars in FY94. The company plans to boost output to 290,000 units in the medium term by introducing diesel-powered Micras and marketing totally remodeled Primera's, which are powered by 2,000 cc engines.

Beginning in the 1990's, Japanese automakers have discontinued making diesel engines with a displacement less than 1,200 cc's. Nissan, which has determined that "small diesel engines will become indispensable" in boosting sales in European markets, has decided to avoid developing new diesel engines, which requires huge investment. After studying the possibility of purchasing diesel engines from several European makers, Nissan chose the long-established French diesel engine maker Peugeot as its supplier. The French automaker, which has come out with hit models like the Peugeot "306" and "106," is the clear leader among European compact car makers.

Foreign Firms Compete in Car Navigation Systems

*OW0307080795 Tokyo KYODO in English
0705 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Competition is heating up among Japanese and foreign car navigation system makers for a larger share of

the domestic automobile market, industry sources said Monday.

About 30 Japanese and foreign electrical and automobile makers are engaged in intense competition while some others are prepared to join them in the near future, the sources said.

Pioneer Electronic Corp., a Japanese audio equipment maker, introduced a system on the market five years ago, although at that time only around 10,000 units were sold a year because the system was still expensive, with its retail price topping 400,000 yen each.

Sony Corp. joined the market two years ago, selling its product at about 200,000 yen per unit, setting the stage for growing competition.

"It's no longer a luxury item but a necessity for car owners," a Sony official said.

Domestic shipments of car navigation systems are expected to exceed 500,000 units this year, according to a forecast by the Electronic Industries Association of Japan.

The association said annual demand will expand to two million units by the end of this century and to 4.5 million in 2010.

Citizen Watch Co., a Japanese maker of timepieces, recently introduced an advanced car navigation model which tells drivers by voice which direction to go when their vehicle nears an intersection.

Japanese digital watch maker Casio Computer Co. has introduced a machine with a built-in visual traffic information device.

Many makers are going all-out to develop new systems that will be compatible with a road traffic information system scheduled to go into service next spring, the industry sources said.

Construction Ministry Puts Bid Data on Internet

OW0207035795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Jun 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of Construction [MOC] will start providing information on open-tender competitive bidding through the Internet beginning 30 June. Information will be provided by the Japan Construction Comprehensive Information Center [Nihon Kensetsu Joho Sogo Senta], an incorporated foundation for collecting data on public works projects. Through the Internet, the center plans to send out information on public works projects such as schedules for tendering obtained from local construction bureaus and the Japan Highway Public Corporation. By furnishing ex-

tensive bidding information to foreign companies, the MOC aims to increase its access to open-tender competitive bidding.

Credit Union Chief Allegedly Lent to Own Firm

OW0207124295 Tokyo KYODO in English 1220 GMT 2 Jul 95

[FBIS Transcribed Text] Tokyo, July 2 KYODO — The then-president of a now-bankrupt credit union, following advice from the then-president of another now-defunct credit union, indirectly extended loans to his own troubled real estate company in 1992 and 1993, sources familiar with the case said Sunday.

Harunori Takahashi, 49, former president of Tokyo Kyowa Credit Association, gave the advice in the summer of 1991 to Shinsuke Suzuki, 47, the former president of Anzen Credit Bank, the sources said.

Takahashi suggested Anzen extend loans to golf development companies run by Takahashi's acquaintances, after which the developers would lend the money to Suzuki's real estate firm so the latter could pay back interest on debts to Anzen, they said.

Suzuki's realtor company had 61.8 billion yen in debts as of April 1991 as a result of unsuccessful investments in real estate and shares, the sources said.

With Anzen's loans to the realtor accounting for one-third of Anzen's total loan extensions, the firm had little hope of receiving more loans from Anzen and also found it difficult to continue paying interest on its debt, they said.

Following Takahashi's advice, Suzuki purchased controlling shares in three golf course developers in April 1992, had Anzen extend a total of 23.8 billion yen to them and had the money lent to his real estate company between June 1992 and April 1993, they said.

Prosecutors on June 27 arrested Takahashi and Suzuki on suspicion of breach of trust in connection with 27.3 billion yen in illegal loans extended from 1992 to 1994 by their credit unions to companies closely connected with them.

Both credit unions folded because of enormous bad loans, and their operations were taken over by Tokyo Kyodou Bank, which was established in January this year as part of a controversial bailout plan that relies in part on taxpayers' money.

Consumer Prices Compared With U.S., Europe*OW2906131795 Tokyo KYODO in English
1243 GMT 29 Jun 95*

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Book prices, energy costs and golf course fees in Japan are twice as high as in the United States, due to Japanese business customs and government regulations, the Ministry of International Trade and Industry (MITI) said Thursday.

In a report comparing consumer prices in Japan, the U.S. and Europe, MITI said Japanese consumers would have 30 percent more purchasing power if Japanese prices were cut to the foreign nations' level.

The report was based on a price survey of 94 product items taken in six cities in Japan, the U.S. and Europe between mid-February and mid-March.

The survey showed price differences were sharper between Japan and the U.S. than between Japan and Europe.

Newspapers, magazines and compact discs (CDs) in Japan cost 72 percent more than in the U.S., gas and electric power 123 percent more, and golf course fees and amusement park charges 105 percent more.

The report said high book prices stemmed from the practice of distributors setting wholesale and retail prices and consumers making only limited purchases of a wide variety of publications.

It said the high energy cost stemmed from the petroleum tax and a law that makes new entries into the energy market difficult.

The report also blamed the high golf course fees on excessive service by caddies and the use of golf courses mostly at weekends.

'Bold Measures' Urged To Revive Stock Market*OW0307110895 Tokyo KYODO in English
0842 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — The government should promptly take bold measures to get the stock market to pull out of its long slump, Daiwa Institute of Research said in an "emergency report" Monday.

The latest round of stock price drops indicates that the Japanese economy is facing a critical situation, the Economic Research Arm of Daiwa Securities Co. said.

Warning that the stock market condition could lead to deflation of the nation's economy, Daiwa said the government should promptly carry out bold economic measures such as an additional outlay of 10 trillion yen,

transfer of the capital's functions from Tokyo to other cities, and cuts in effective interest rates on lending and corporate taxes.

The government should also implement structural changes including the elimination of economic regulations, fostering of venture businesses and the use of public funds to help financial institutions deal with problem loans, Daiwa said.

Earlier in the day, Tokyo stock prices, as measured by the Nikkei Stock Average of 225 major issues, temporarily slipped below what traders see as the key support line of 14,309.41 points registered in August 1992.

Hideaki Akimoto, Daiwa's chief strategist, said if the Nikkei average stays below 14,000, stockholdings would become "bad loans" as banks and life insurance companies would lose unrealized profits on them.

The stock market is in such a bad situation that it cannot help but rely on the government for help, he said.

In the meantime, Yoshikazu Takao, chief economist of Nomura Research Institute, said public funds must be used to cope with bad loans which are the biggest problem for Japan's economy and stock market.

But the actual use of public funds is difficult due to conflict of interest between parties concerned, Takao said.

The public should become more aware that the deflation of assets, such as stocks and real estate, would adversely affect the real economy and lead to further drops in the value of assets, he added.

Local Industries Threatened by Yen Appreciation*OW3006135795 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 27 June 95 Morning Edition p 3*

[FBIS Translated Text] The industrial foundation of the localities is being threatened by hollowing out due to the rapid appreciation of the yen.

According to a nationwide survey conducted by NIHON KEIZAI SHIMBUN on the major local producers' guilds of manufacturing industries, there was a decrease of 14 percent in the number of enterprises, and a decrease of 13 percent in total production volume in the three-year period from fiscal 1991, before the recent round of yen appreciation started, to fiscal 1994. The total number of employees also decreased by around 12 percent, reflecting the impact on employment.

The impact of yen appreciation has not only been felt in light industries such as textiles and general merchandise, but only in areas such as machinery and metals, which

form the support base for the assembly industries, including automobiles and electrical machinery. The decline in local industries also destabilizes the local communities through a reduction in revenue income for local governments.

The survey was conducted on about 120 local producers' guilds, each of which account for an annual production (shipment) amount of over 30 billion yen. Replies were obtained from 84 groups. In terms of total annual production volume, these groups account for nearly 50 percent of all guilds covered by the Small- and Medium- Sized Enterprise Agency's local production survey (515 groups in 1993, with a total production volume of 13.9953 trillion yen).

Total production volume in fiscal 1994 for 63 guilds, for which comparable statistics are available, showed a decrease of 13.1 percent compared to fiscal 1991. This represents an 8-percent decline even when compared to fiscal 1985, before the bubble economy gathered momentum.

Due to rapid yen appreciation, production in fiscal 1994 declined about 10 percent, compared to the previous year, showing an accelerated rate of decline.

Among seven industries examined, textiles in particular showed a significant drop of about 23 percent in three years; machinery and metals declined by about 15 percent; and garment and other textile products dropped dramatically by about 11 percent.

Total number of operating enterprises in 81 groups, for which comparable statistics are available, was 28,234 by the end of fiscal 1994, representing a 14.4-percent drop in three years, or a 28-percent decline compared to the level at the end of fiscal 1985. Closures in three years totalled 4,657, including 244 bankruptcies.

In terms of number of employees, the figure stood at 303,500 at the end of fiscal 1994 for 66 groups, for which comparable statistics are available, representing a decrease of 11.7 percent in three years, or a decline of 16 percent, compared to the end of fiscal 1985.

Apart from the delay in economic recovery, the impact of deteriorating competitiveness of exports due to yen appreciation, and of the offensive of cheap imports, seems to be devastating. In 32 guilds which deal in exports, the ratio of exports in overall production volume averaged around 11 percent for fiscal 1994, which is nearly half of the figure for fiscal 1985.

The transfer of production overseas is also in progress. In nearly 40 percent of producers' groups, member companies are moving toward building their own production

bases overseas. A total of 280 companies actually have overseas production bases.

In garment-producing Okayama Prefecture, 70 out of 170 member companies of the apparel industrial association are now engaged in overseas production, including subcontracting production to overseas companies. The movement of factories overseas is aggravating the hollowing out of local industries.

Small- and medium-sized enterprises, which support large companies as subcontractors, have been widely affected by the production cutbacks of patron companies. For example, the production volume of the Niihama Machinery Industry Cooperative in Ehime Prefecture, a group formed by machinery manufacturers which serve as subcontractors to Sumitomo Heavy Industries, Ltd. and other Sumitomo Group companies, declined by as much as 37 percent in three years. This group is very distressed that "four years ago, we had pending orders for at least six months or a year, but right now, we have none" (according to the cooperative).

Production volume in fiscal 1994 for the Toyukai Cooperative in Hiroshima City, which consists of subcontractors for Mazda Motor Corporation, also declined by about 35 percent, compared to fiscal 1990. This group is in despair, saying, "Since Mazda has further cut back on production, we will be in even worse shape."

Takemura: No Numerical Target for Surplus Cut

OW3006035995 Tokyo KYODO in English
0347 GMT 30 Jun 95

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Finance Minister Masayoshi Takemura on Friday [30 June] repeated the government's opposition to setting a numerical target for reducing Japan's current account surplus.

Takemura said at a news conference, "the government will never show a clear-cut numerical target."

Numerical targets are fundamental problems to which the government could not yield throughout auto and auto parts negotiations with the United States, Takemura said.

Since external surplus depends on various economic factors like crude oil prices, the government should avoid setting a numerical target, although it can have a forecast, he said.

The ruling coalition's new policy program, due out later in the day, will reportedly have a numerical target to cut the ratio of the nation's surplus to the gross domestic product (GDP) over a three-year period.

"Some differences in policies cannot be helped between the ruling coalition and the government," Takemura said.

Takemura did not rule out the possibility of issuing deficit-covering bonds in a second supplementary budget for the current fiscal year.

The finance minister, however, sounded negative about declaring such bond issues at this time.

The coming policy program of three coalition parties — the Social Democratic Party, the Liberal Democratic Party and new party sakigake [Harbinger] — is expected to propose actively using deficit-financing bonds in the second extra budget.

"Now is not the time to state whether or not to use deficit-covering bonds," Takemura said. "It depends on the contents of the extra budget and prospects for the government's revenues at the time of compilation."

On scheduling to set a ceiling for budgetary requests from government ministries and agencies for fiscal 1996 starting next April 1, Takemura said that arrangements will start after a July 23 election of the House of Councillors.

Coalition's Surplus Reduction Plan Criticized

*OW3006134795 Tokyo KYODO in English
1042 GMT 30 Jun 95*

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Ministry of Finance (MOF) officials said Friday [30 June] a package of priority policies adopted by the ruling coalition contains unacceptable plans to set a target for cutting Japan's current account surplus.

The proposed target of reducing Japan's current account surplus below 2 percent of its gross domestic product (GDP) in three years came under heavy fire from ministry bureaucrats.

"It is impossible and irresponsible" for the government to set such a numerical target because the surplus changes greatly depending on crude oil prices and exchange rates, a top MOF official said.

Finance Minister Masayoshi Takemura said the government will not adopt the package as its guiding principle.

MOF officials also came out against the coalition's call for issuing deficit-covering government bonds in a planned supplementary budget for fiscal 1995 and for the fiscal 1996 budget.

A senior ministry official said that as the outstanding balance of government bonds exceeds 200 trillion yen, the "imprudent" issuance of deficit-covering bonds could lead to a collapse of national finances.

Coalition politicians said the MOF's fiscal stance will hinder the implementation of bold measures to stimulate stagnant economic activity.

But some MOF officials criticized the coalition as "irresponsible," saying it is calling for the issuance of deficit-covering bonds for the sake of elections.

BOJ Seen Taking More Downbeat View of Economy

*OW0307030195 Tokyo KYODO in English
0245 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Bank of Japan [BOJ] Governor Yasuo Matsushita said Monday the pace of the nation's economic recovery remains "extremely moderate."

Matsushita said that with a mixture of encouraging and constraining factors for economic recovery, corporate economic outlook has also become cautious.

The central bank will watch economic developments carefully with expectations that effects of the latest credit easing will spread and make recovery more certain, Matsushita said.

On the financial system, Matsushita pointed to the need for further study from a wider perspective, including public involvement, to overcome problems of nonperforming loans held by financial institutions.

Matsushita made the comments in an opening address at a two-day quarterly meeting of the central bank's branch managers and overseas representatives.

As a backdrop of the extremely moderate economic recovery, Matsushita cited the pressure on Japan's economy for various structural adjustments such as industrial adjustments amid new international economic environment.

Matsushita then urged drastic deregulation measures to make full use of the market economy's energy.

On the nation's financial system, he reiterated that the most crucial task is to dispose promptly of financial institutions' bad loans.

The outstanding balance of bad loans remains huge, though it is on a downtrend as a result of active write-offs by financial institutions, Matsushita said.

He also said liquidation of real estate put up as collateral has made little progress.

The central bank will continue its utmost efforts to recover soundness and stability of the financial system, Matsushita said, while calling for further efforts by private lenders to expedite bad loan disposal.

The BOJ managers of 33 domestic branches and three representative offices in New York, London and Hong Kong gathered in Tokyo at a time when a recent series of pessimistic economic data has clouded Japan's economic outlook.

The central bank is considering reviewing its assessment that the economy has been on a moderate recovery path, and adopting a more downbeat assessment in view of recent unfavorable factors, BOJ sources said.

Among such factors are the prolonged doldrums in the stock market, a downswing in industrial production, growing fears of deflationary pressure as the yen remains high against the dollar and the worsening job market.

Matsushita will hold a news conference Wednesday, possibly to make a new assessment that clarifies the fragility of the recovery, the sources said.

BOJ Managers: Economic Recovery 'Decelerated'

OW0307114695 Tokyo KYODO in English
1038 GMT 3 Jul 95

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Bank of Japan (BOJ) branch managers said Monday the nation's recent economic recovery has decelerated and nearly come to a stall, partly due to the strong yen.

In Tokyo for a two-day quarterly meeting through Tuesday, central bank branch managers and overseas representatives are assessing regional economic conditions at a time when recent pessimistic economic data have clouded Japan's economic outlook.

"Lately, the tempo of economic recovery has slowed, showing signs of a standstill," said Tadayo Homma, Osaka branch manager and BOJ executive director.

Outlining economic conditions in the Kansai area in western Japan, Homma said the regional economy has managed to largely overcome temporary adverse effects of the Jan. 17 great Hanshin earthquake and entered into a moderate recovery path.

However, the yen's recent rapid appreciation, combined with a slowdown in the U.S. economy, has gradually affected export-related businesses, and made corporate confidence more cautious, he said.

Homma also noted delays in full-scale rebuilding in the quake-hit area has generated caution.

During the two-day meeting, the central bank is expected to review its assessment that the economy has been on a moderate recovery trend, and to adopt a more downbeat assessment in view of recent unfavorable fac-

tors and the latest regional economic conditions, BOJ sources said.

Among recent gloomy factors are the prolonged doldrums in the stock market, a downswing in industrial production, growing fears of deflationary pressure due to the yen's unabated strength against the dollar and the worsening jobs market.

In an opening address, BOJ Governor Yasuo Matsushita said the pace of the nation's economic recovery remains "extremely moderate" with a mix of positive and negative factors.

Corporate economic outlook has also become cautious, Matsushita said.

The central bank will continue watching economic developments carefully with expectations that effects of the latest credit easing will spread and make recovery more certain, he said.

Matsushita then urged drastic structural measures such as deregulation with a view to assuring economic recovery.

Matsushita is scheduled to hold a press conference Wednesday, wrapping up the meeting attended by BOJ managers of 33 domestic branches and representative offices in New York, London and Hong Kong.

He is likely to make a new assessment that clarifies the fragility of the recovery, BOJ sources said.

Osaka Branch Manager Homma said quake reconstruction-related public works projects worth 2.1 trillion yen earmarked in the first supplementary budget for fiscal 1995, which started April 1, will be launched one after another in the second half of the year, helping the regional economy get back on a moderate recovery path.

Suggesting the nation's economy is nearing a possible derailment from the recovery track, Homma said the economy in the Kansai area has recently been and will be somewhat brighter than other regions, helped by expected demand for such reconstruction after fall.

Homma said, however, concerns remain about possible further gains by the yen, a further downturn in the U.S. economy and bad weather such as a cool summer and a long spell of rain.

In case of such an unfavorable scenario, companies might be forced into employment adjustment as a result of further shifting of production bases overseas and more procurement of foreign materials, he said.

Homma dismissed concerns about deflation, saying there is neither a vicious spiral of corporate earnings

nor moves by consumers to refrain from buying, though such a mood is spreading.

Speaking at a separate press meeting, Takahiro Kawase, manager of the Nagoya branch encompassing Toyota Motor Corp. and related auto parts makers, said economic recovery so far in his region appears to be taking a break, mainly due to cutbacks in production of automobiles and peaked housing investment.

Kawase said that continued recovery in the domestic car market has failed to cover drops in exports amid sluggish sales in the U.S. market. He said he expects a yearly fall in auto production during the July-September quarter.

Kawase stopped short of predicting a prompt return to a moderate recovery because of the gloomy auto industry, only saying, "I don't think the situation will get any worse."

While saying corporate confidence hinges on developments in the dollar-yen exchange rate, Kawase cited expected improvement in companies' sales, earnings and capital spending plans for this fiscal year, which started April 1, as encouraging factors.

Fukuoka Branch Manager Naoto Furutachi said the strong yen has further slowed down the pace of recovery.

Although there is no fear of an immediate economic setback, uncertainty remains over the outlook, Furutachi said.

He then stressed the need to pay attention to the worsening employment situation.

Shinsuke Kobayashi, a branch manager in Hokkaido, northern Japan, shared the view that the tempo of economic recovery has slowed, with private consumption sluggish and housing investment seeing a downturn.

Kobayashi said the yen's advance has affected his region's tourist industry, which was forced into reducing prices for domestic tours because more tourists are choosing to go abroad.

Although his region is import-oriented, the benefits of the strong yen have been offset by hikes in international market prices for materials, such as paper and pulp, and crude oil, Kobayashi said.

"Any benefit has yet to be seen because the high yen's windfall profits appear to be used as compensation for deteriorating corporate earnings on a broad front," Kobayashi said.

Economic Prospects, Political Stability Viewed

OW0207004395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 26 Jun 95 Morning Edition p 3

[Interview with Jiro Nemoto, chairman of the Japan Federation of Employers' Associations, by NIHON KEIZAI SHIMBUN editor Kazuo Mori; place and date not given; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] There is growing fear that the Japanese economy may slip into deflation. In such a case, the greatest worry will be the worsening employment situation. We asked Chairman Jiro Nemoto of Japan Federation of Employers' Associations [Nikkeiren] on economic prospects, including ways to break out of the economic slump.

Political and Economic Instability

[Mori] The actual unemployment rate in April marked a record high. The economic conditions, which remain unpredictable, are much like a cloudy sky. A feeling of stagnation is widespread.

[Nemoto] In a modern state, employment, along with commodity prices, is a question of basic importance. The reason President Jacques Chirac was elected in France is that employment became a campaign issue. The same is true for Japan. However, one factor makes it even more difficult. That is, while the economy is undergoing structural reform, politics is also in a period of transition to a new framework. Both economics and politics are unstable; each influences the other, and the interaction amplifies the instability.

In terms of the economy, there are three problems. First, the abnormal appreciation of the yen.

Second, the after-effects of the bubble economy remain unresolved, and they have now become urgent issues. In Western countries, public funds equivalent to around 10 percent of GNP were spent from the eighties to the nineties under a lifeboat policy to deal with the financial bubble. In Japan, this went wrong. There has been a delay in restoring credibility, and capital investment remains inactive.

Third, the influx of cheap products from Asia has caused an excess in supply.

These factors have collectively given rise to deflation.

[Mori] What do you think will happen to employment?

[Nemoto] If the exchange rate remains at around the range of 80 yen to a dollar, it is said that the number of unemployed will increase by about 1 million in the next few years. The actual unemployment rate in April

was 3.2 percent — that is, there were around 2 million people out of jobs. This means that the unemployment rate may rise to around 5 percent. Companies are stuck with excess manpower that they are obliged to bear with under the Japanese management system, and this amounts to 2 percent of the unemployed. About half of this may be released into the job market. Or perhaps new sources of unemployment may emerge.

Need for Further Rationalization

[Mori] The situation will become even worse this fall. Companies are cutting down on their new recruitment.

[Nemoto] Companies need to exert more effort toward rationalization. Banking institutions are expected to face tough times; the securities industry is already in bad shape. Since labor cost is the issue, adjustments can be made by cutting wages. It will no longer be possible to expect an annual pay raise plus a certain fringe increase. Whether the predicted additional 1 million jobless will materialize or not depends on the steps taken from now on. Rectification of the domestic-overseas price gap should be undertaken systematically, to maintain the present living standard. An increase in the number of jobless among fresh graduates will be a headache, and this will be difficult to deal with. One thing we can probably do is to open up companies for job applications the whole year round, to give these people a second chance.

[Mori] How can we get out of this economic difficulty?

[Nemoto] When the economy is in great difficulty, politics should be capable of giving it powerful support and dealing with it resolutely. Take for example former Prime Minister Hayato Ikeda, who came up with a plan to double national income; former Prime Minister Kakuei Tanaka; or U.S. President Roosevelt, who implemented the New Deal policy during the Great Depression. In contrast, present-day Japan has had four prime ministers in two years. It is not even able to maintain political continuity.

However, it will not be enough just to keep on saying that things are going to the dogs. We should encourage the government and the ruling coalition parties to vigorously implement new economic pump-priming measures. If the prime minister changes so frequently, foreign countries may take advantage of our weakness and manipulate for another round of yen appreciation. The key issue this fall will be political stability. We hope the present administration will continue to do its job, at least until the Asia-Pacific Economic Cooperation forum in Osaka this November.

Efforts Toward Structural Change

[Mori] Business operators are also to blame, for delaying corporate structural change.

[Nemoto] This is an era in which politicians, bureaucrats, business operators and labor leaders need to face difficulties with considerable determination. We hope the government will take bold steps to formulate a second supplementary budget. In public investments, more ingenious ways should be employed to move budget allocations from the old pattern, which requires enormous expenses for land acquisition, to new social capital, focused on basic infrastructure for education and information.

Further self-help efforts are also needed on the part of the companies. The prevailing opinion at the meeting of Nikkeiren's Policy Committee on 20 June was: "We can no longer rely on the government; the only way is to break out of economic difficulties by ourselves." We discussed ways for each industry to balance their imports and exports and talked about our own ways to deal with the yen appreciation. Furthermore, despite this talk of deflation, if we create new products and services that will stimulate demand, it will be possible to increase overall demand. Even if prospects for the future are dim, if we lose the will to work for an expanded equilibrium, it will indeed be the end.

Editorial Assesses Murayama Administration

OW0207062895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 2

[Editorial: "The First Year and Future of the Murayama Cabinet"]

[FBIS Translated Text] The Murayama cabinet saw the first anniversary of its birth on 30 June. Since there had been an unstable situation, with the cabinet changing hands several times in a year following the collapse of the Liberal Democratic Party's [LDP] single party rule, the public, being so eager for stability in politics, will probably be pleased that the Murayama Cabinet has entered its second year of life.

In the meantime, however, the cabinet has failed to come up with any effective measures to deal with the problem of the strong yen or the issue of the overall economy, which is not getting better. Also, the cabinet has failed to make visible progress in implementing its public pledges on administrative reform and other areas. There is now an outpouring of strong complaints and criticisms about this situation.

Meanwhile, the Social Democratic Party of Japan [SDPJ] is forecast to lose badly in the forthcoming

House of Councillors election, and the future of the Murayama cabinet is uncertain. An election is a chance for the government to ask the people to pass judgment on the government. The people's judgment and evaluation of the Murayama cabinet will come in the House of Councillors election on 23 July. We will watch the outcome of the election, but will present our own view on the Murayama government at this time.

The Murayama government entered the political scene by voting the Hata cabinet out of confidence. Even though it had the New Party Sakigake [Harbinger] working as an intermediary, its going into coalition with the LDP, when the two were considered as unmixable as water and oil, came as a surprise to the public. Although the Cold War structure had collapsed and the 1955 political regime — a domestic version of the Cold War structure — had also collapsed, the sudden handshake of the LDP and the SDPJ to gain control of government still appeared very unnatural to the public.

What made the LDP-SDPJ coalition possible mostly was the desire of both parties to return as ruling parties; the desire of the LDP to return to power was particularly strong. That was accomplished by hoisting battle flags against their common foe, Ichiro Ozawa. The people initially were very much perplexed. However, reassured by the pleasant personality of Prime Minister Murayama and the stabilized political condition and also helped by the people's unhappiness with the opposition New Frontier Party, popular support for the government has grown until the approval rate for it tops the disapproval rate.

The most important accomplishment of the Murayama government is that it has brought about so many changes in the SDPJ's old policies which had been so rigid and dogmatic. The recognition of the legality of the Self-Defense Forces was one of the major policy changes. While that recognition might have been inevitable for the party to maintain the coalition, it meant the end of ideological confrontations that had made the Japanese politics unproductive for so long. It could be called historic.

But as far as the most important task of structurally reforming politics and the economy is concerned, the Murayama government has been incredibly powerless. It may be natural that the LDP and the SDPJ, which used to be as much beneficiaries of and co-players in the 1955 political regime as the bureaucrats who had all the power concentrated under them, could only be passive in efforts for such structural reform.

If the government wants to carry out administrative reform, deregulation, decentralization of power to local governments, and the other tasks facing it today, there

is no other way but to have showdowns with the bureaucrats and other vested interests. But now the Murayama government appears to have used up its energy in addressing the legacy of the past. Besides, a side effect of the long life of the cabinet appears to be showing up now in the complacency and self-indulgence of the coalition parties. We wonder if the Murayama cabinet still has the will and energy left to tackle and carry out structural reform.

Murayama Comments on First Year in Office

*OW3006123895 Tokyo KYODO in English
1001 GMT 30 Jun 95*

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Prime Minister Tomiichi Murayama on Friday [30 June] praised the accomplishments of his one-year-old coalition government.

"Our administration has done right what it should do," he said in a joint press interview at his official residence on the first anniversary of his taking office.

Murayama came to power June 30 last year to lead the tripartite coalition government comprising his Social Democratic Party, the Liberal Democratic Party, headed by Foreign Minister and Deputy Prime Minister Yohei Kono, and Finance Minister Masayoshi Takemura's New Party Sakigake.

"The best part of it is the three parties have had heart-to-heart talks in trying to build a consensus, based on the mutual trust of the three party leaders," he said.

Expressing his desire to continue serving as prime minister, Murayama said, "Once you have taken up a post, you should do your best. That's the natural duty of a politician."

Murayama listed as priority tasks for his second year as premier the promotion of administrative reform, more powerful disaster prevention measures, creation of new businesses and active contribution to resolving issues of global concern.

Ruling Coalition Adopts Policy Accord 30 Jun

*OW3006133495 Tokyo KYODO in English
1319 GMT 30 Jun 95*

[FBIS Transcribed Text] Tokyo, June 30 KYODO — The governing coalition Friday [30 June] adopted a fresh policy agreement that includes a pledge to slash Japan's current account surplus to a level of 1 percent of gross domestic product (GDP) within three years.

In the document unveiled on the first anniversary of Prime Minister Tomiichi Murayama's assumption of power, the tripartite coalition singled out as its

priority task the rectification of the nation's wide trade imbalance with many other countries.

The accord urges Japan to "endeavor to spur domestic demand and boost imports" in line with cutting its surplus. Tokyo has adamantly refused to set a numerical target in a series of trade negotiations with Washington.

In the automotive trade talks concluded Wednesday, Japan rejected U.S. demands for numerical measures of the openness of Japan's car and car parts markets, saying such steps would lead to "managed trade."

The coalition comprises Murayama's Social Democratic Party (SDP), the Liberal Democratic Party (LDP), headed by Foreign Minister and Deputy Prime Minister Yohei Kono, and New Party Sakigake, led by Finance Minister Masayoshi Takemura.

As another pillar of its policy accord, the governing alliance also vows to come up with specific measures as early as at an extraordinary parliamentary session in fall to help mop up trillions of yen in problem loans on the books at financial institutions.

The policy paper urges the coalition to look into the possibility of using public funds to help the troubled lenders write off their bad loans.

The banking mess threatens fitful economic recovery because it constricts loans to new or struggling businesses. But the public is staunchly opposed to paying for a rescue of the banking industry.

Top policy-makers of the three parties briefed Murayama on the substance of the accord following the coalition's formal approval.

The parties plan to tout the agreement as a joint pledge in the election for the House of Councillors on July 23. But whether they can implement measures included in the document hinges on the outcome of the poll.

With Murayama's SDP expected to suffer a heavy setback in the election, there is no guarantee the coalition will survive.

As part of efforts to invigorate the sluggish economy, the ruling union also vows to consider a system for issuing a new type of government bond.

While the coalition says the issuance of a new bond will enable the government to take flexible budgetary steps, Finance Minister Takemura has voiced opposition in view of the nation's severe fiscal difficulties.

Another economy-boosting measure included in the policy agreement is a promise to help formulate at an early date a fat second supplementary budget for fiscal 1995, which started April 1.

The accord calls on the government to "actively use" deficit-financing bonds when drawing up a second extra budget for the current fiscal year and a full state budget for the next.

It also seeks to continue special income and residential tax cuts worth 2 trillion yen into 1996 to get the economy back on a stable path to recovery.

Also included in the policy paper is an early start to works for constructing a new capital, with a call for selection of a candidate site within two years.

Other key proposed economic and fiscal measures include active purchase of land with public funds and an early drawing-up of a program to create new businesses and employment.

On the diplomatic front, the governing alliance reaffirms a cautious stand on Japan's attempt to acquire a permanent seat on the UN Security Council.

The document also states Japan should not opt to be a military power but help foster disarmament while promoting trust among neighboring countries.

It calls on the nation to "actively participate" in UN peacekeeping activities to ensure world peace and national security.

The ruling union also cites as a foreign policy priority early normalization of relations with North Korea.

In addition, the coalition promises efforts to give voting rights to overseas Japanese, to review the voting system and revise a law to financially support political parties, all during an extraordinary parliamentary session scheduled for fall.

Shinshinto Policy Platform Reviewed

OW3006141695 Tokyo KYODO in English
1133 GMT 30 Jun 95

[FBIS Transcribed Text] Tokyo, July 30 KYODO — Japan's largest opposition party Shinshinto (New Frontier Party) on Friday [30 June] released a policy platform pledging efforts to realize a "small but trustworthy" government.

While the platform covers the mid- and long-term, Shinshinto produced it in preparation for the July 23 House of Councillors election.

The plan, drawn up by a Shinshinto panel led by former Prime Minister Morihiro Hosokawa, emphasized thorough reform of the nation's economic structure and crisis management as well as "new liberalism" with equal opportunity.

Hosokawa told a press conference that the party aims to realize the platform in five or six years "under a Shinshinto administration" after drafting of policies on education reform, diplomacy and security.

He praised the platform, calling it more thorough than the policy accord released earlier Friday by the ruling tripartite coalition.

Direct taxes account for 75 percent of all state and local taxes, but Shinshinto will lower the rate to "some two-thirds," according to the platform.

During his premiership from August 1993 to April 1994, Hosokawa announced a plan to raise the 3 percent consumption tax to 7 percent, which stirred intense protests from the public.

He said Shinshinto had the 7 percent in mind in calling for review of the rates of direct and indirect taxes.

The plan vows to transfer responsibility for allocating social capital from the Finance Ministry to the prime minister to permit more flexibility in budgets for social infrastructure construction.

Shinshinto also promised to clarify responsibility of financial institutions in disclosing bad loans and related information, while saying the government will need to use public money to help rescue such institutions.

The party proposed the establishment of a crisis management law to help the prime minister deal effectively with future crises.

Ichiro Ozawa Views Shinshinto Goals, Strategy

*OW0307045795 Tokyo KYODO in English
0446 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — The main opposition Shinshinto (New Frontier Party) will seek to win at least 64 out of the 126 seats at stake in the July 23 House of Councillors election, a senior party leader said Monday [3 July].

"We are trying hard to win a majority of seats up for grabs. This is a very difficult goal to achieve, but I don't think this is totally impossible and out of the question," said Shinshinto Secretary General Ichiro Ozawa at the Japan National Press Club.

"We intend to do our best until the last minute," said Ozawa, who is the chief architect and strategist of Shinshinto.

Shinshinto was formed last December by nine opposition forces excluding the communists.

Accusing the coalition government of Prime Minister Tomiichi Murayama of trying to safeguard their vested interests, Ozawa said Shinshinto has seriously strived

to revamp the nation's outdated political, economic and social structures.

Ozawa said Murayama's Social Democratic Party [of Japan] (SDP) [SDPJ] and the Liberal Democratic Party (LDP), the former bitter archrivals currently major partners of the tripartite coalition, formed a partnership only because they wanted to block national reform efforts.

He denied speculation Shinshinto aims to tie up with the LDP after the upper house poll in which the SDPJ is expected to suffer a heavy loss.

While saying Shinshinto seeks to create a two-party system in Japan instead of forming a grand conservative alliance, Ozawa indicated the party would accept LDP ranks who can share views with Shinshinto.

On policy matters, the Shinshinto secretary general expressed opposition to the idea of funneling public funds into rescuing the nation's financial institutions saddled with trillions of yen in bad loans.

"I cannot support the idea of using people's money without sweeping policy and visions" on the part of the troubled lending institutions over their self-help efforts, he said.

On the question of the Constitution, Ozawa said the nation should actively review the basic law within the context of the changing times.

"It is a problem to regard the Constitution as sacred and inviolable," he said, adding his pet idea of turning Japan into a "normal country" does not mean Japan should become a military power.

Shusei Tanaka Discusses Sakigake Role, Strategy

*OW0207050295 Tokyo TOKYO SHIMBUN
in Japanese 24 Jun 95 Morning Edition p 3*

[Interview with Shusei Tanaka, New Party Sakigake acting chairman, by TOKYO SHIMBUN reporters Kengo Suganuma and Yoko Narita; date and place not given; the first two and the last paragraphs are TOKYO SHIMBUN introduction and conclusion, respectively]

[FBIS Translated Text] New Party Sakigake [Harbinger], one of the three ruling parties of the Murayama government, has recently been demonstrating its own political color. In particular, Sakigake Acting Chairman Shusei Tanaka has made severe remarks to express his "objection" to the current administration. While stressing "the significance of the minority coalition government," Tanaka said: "From the beginning, we did not think this was the only coalition government."

TOKYO SHIMBUN interviewed him to ask the true intention behind these remarks. During our interview, Tanaka hinted at a possibility that Sakigake will withdraw Takemura from the cabinet but remain supportive to the coalition. In saying so, he expressed his dissatisfaction with the fact that the current "government consists of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ] and Sakigake." As its standing seems to be diminished in the political tug of war between the LDP and the SDPJ, one should ask whether Sakigake, as its name represents, could become a "harbinger" of new politics again.

[TOKYO SHIMBUN] The ruling parties are now promoting discussions on a new three-party accord to replace the current one, which was concluded when the Murayama administration was inaugurated. What is Sakigake's basic position on this issue?

[Tanaka] I think it is more important to reconfirm the three-party accord we concluded last year when the Murayama administration started. When forging that accord, we placed much importance on defining the nature and ideology of the administration. But when it comes to obtaining a permanent seat on the UN Security Council [UNSC], the coalition does not always comply with the accord, which stipulates "careful treatment of the matter." It cannot be said that Mr. Yohei Kono (deputy prime minister and foreign minister) allowed for this accord when delivering a speech at the United Nations. What is most important is not to overlook these things, but to discuss them one by one.

[TOKYO SHIMBUN] "The government should remain prudent when deciding whether to become a permanent member." Is this a point on which Sakigake cannot compromise?

[Tanaka] The three leaders of the ruling parties were careful about obtaining a permanent seat. So I had hope. Personally, I wonder what the meaning of the Murayama administration is, if we cannot observe even this principle. This should not be ignored. If we do not have enough time to discuss it, we should reexamine it after the House of Councillors election. I think political realignment must be promoted with such things in mind.

[TOKYO SHIMBUN] You emphasize "the significance of the minority ruling party coalition." But what does it really mean?

[Tanaka] I believe that the coalition government actually has no form. There is no rule saying that all the people who voted for a prime ministerial election have to formulate an administrative framework. It is all right for us to form a coalition cabinet comprised of members from minority ruling parties. In that case, we must

always engage in coordination with other parties to obtain support from a majority in each deliberation on various policies. If we do it in an open arena, we can deal more sternly with bills submitted by bureaucrats. I have a feeling that we could change politics if some party, determined to fight for the cause of justice, could vote as "a ruling party free from all political connections."

[TOKYO SHIMBUN] Within Sakigake, there is a deep-rooted opinion that Finance Minister Masayoshi Takemura "should take priority over party operations." But does this mean Sakigake will shift its stance by withdrawing him from the cabinet and supporting the Murayama administration outside the cabinet?

[Tanaka] One way to fulfill responsibility for politicians is to take part in the government as a minister. But we already know that one minister alone can achieve nothing. What people expect of Sakigake is not to send its members to the cabinet. We abandoned such political designs when we left the LDP.

[TOKYO SHIMBUN] Should the Murayama administration be maintained after the House of Councillors election?

[Tanaka] If someone asks who is the most appropriate person to lead the three ruling parties, I would say it is Mr. Tomiichi Murayama. I want him to act upon what he really thinks. As long as Mr. Murayama does that, we would give all-out support to him. But if he hides his beliefs to make government operations easier, we must reconsider it.

[TOKYO SHIMBUN] You proposed to revamp a combined electoral system of single-seat and proportional representation constituencies.

[Tanaka] The proportional representation bloc system should be reviewed across the nation, and some of the single-seat constituencies should be reduced. The proportional representation bloc system makes it difficult to produce competent politicians who take a broader viewpoint to deal with nationwide problems. I could be clobbered from all sides for saying this, but I dare say that we need to review the election system. By this I do not mean we should go back to the same old medium-sized district system.

[TOKYO SHIMBUN] How do you evaluate the coalition governments that have been formed three times in a row?

[Tanaka] My conclusion is that although the actors have changed, the show is the same. The problem is with the bureaucrats who produce and direct this political show. In the three coalition governments, including the

Murayama government, bureaucrats have always been on the side of the ruling parties. They have played an important part in these coalitions on the pretext that the nation's set policies and diplomatic relations must be maintained. A reason for changing politics is to change the administrative system. However, the truth is that bureaucrats have been getting more power while the political situation has become murkier. It will be meaningless if the power shift brings no turnabouts in policies and in the administrative system.

[TOKYO SHIMBUN] Sakigake had its place in the Hosokawa administration. But its political standing seems to have been weakened in the Murayama administration and assimilated into the LDP.

[Tanaka] They call it a framework of three ruling parties. But we have no intention of supporting an LDP candidate for the next prime ministerial election, as long as the LDP remains as is. For Sakigake, the past two years have been "the first stage of the discipline." We will enter "the second stage" soon.

Seeing that opinion is divided over the bid for a permanent UNSC seat in the LDP and the New Frontier Party, Tanaka is trying to use the UN issue as a "weapon" to prompt the reframing of the current administration after the House of Councillors election and to provoke another political realignment. This is the impression we got from his remarks during the interview. However, one should ask whether Tanaka's strategy could jolt the LDP, which is putting the highest priority on maintaining the current coalition government. Even some Sakigake members are cautious about withdrawing Takemura from the cabinet and becoming an opposition party. Given this situation, could Tanaka do justice? The Sakigake acting chairman, who has influenced the political world with his "logic," now faces another challenge.

MITI Minister Hashimoto Returns From Geneva

*OW3006055695 Tokyo KYODO in English
0543 GMT 30 Jun 95*

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Minister of International Trade and Industry Ryutaro Hashimoto returned home from Geneva on Friday [30 June], following the conclusion of the Japan-U.S. auto trade talks.

His airplane landed at Narita airport, some 70 kilometers east of Tokyo, shortly after 2 P.M.

Editorial Opposes Relaxing Arms Export Curbs

*OW0207003095 Tokyo MAINICHI SHIMBUN
in Japanese 26 Jun 95 Morning Edition p 5*

[Editorial: "There Is No Need To Relax Arms Export Regulations"]

[FBIS Translated Text] There are moves in the defense industry and other organizations to ease the "three principles on arms exports" which ban the export of weapons products and parts to foreign countries.

The moves were spurred after the defense production committee of Keidanren [Federation of Economic Organizations of Japan] and the Japan Ordnance Association requested of the Ministry of International Trade and Industry and other concerned organizations in mid-May that the three principles be flexibly enforced to enable the export of weapons parts to the United States.

The industry maintains that since the Defense Agency's equipment procurement has decreased due to restrained growth in the defense budget, the defense industry cannot survive; therefore, it wants to be allowed to export at least weapons parts to the United States.

The defense industry's request for relaxing the arms export regulations is reportedly based on its hope of securing ways to survive by taking part in large projects such as the Theater Missile Defense (TMD) project now being developed by the United States and other countries. The industry also hopes that it will be allowed to export warships, tanks, and other equipment in the future.

In response to the industry's request, political parties have also begun studying a review of the three principles on arms exports. In its security policy platform issued in early June, the New Frontier Party spelled out the position that "the three principles should be flexibly enforced in order to strengthen Japan-U.S. security arrangements." The Liberal Democratic Party has also begun studying the possibility of easing the regulations.

We are strongly apprehensive about these moves.

The three principles on arms exports are the keynote of Japan's diplomatic and security policy. We believe there is no need to review or ease the principles. Now that the East-West Cold War has ended, there are growing calls for disarmament. It could be said that moves among the defense industry and other organizations toward relaxation of the arms export regulations apparently run counter to the disarmament trend. There is also a possibility that those moves may generate concern in Asian countries.

The three principles on arms exports were established in 1967 under the administration of Prime Minister Eisaku Sato.

After the end of World War II, thanks to the Korean war and the Vietnam war, the Japanese defense industry created conditions for weapons production and exported small weapons, such as bullets and shells, to Southeast Asian and Middle Eastern countries. However, opposition parties at that time maintained that arms exports should be regulated from the viewpoint of the war-renouncing Constitution. The Sato Cabinet accepted this demand and banned arms exports to the communist bloc and countries, to which the United Nations has prohibited arms exports. Afterwards, the regulations were further strengthened under the cabinet of Prime Minister Takeo Miki, and the government decided that Japan would "refrain from exporting weapons" to any countries.

However, in response to a strong request from the United States, the Japanese Government decided in 1983, under the cabinet of Prime Minister Yasuhiro Nakasone, that Japan can provide weapons-related technology only to the United States. Japan has so far provided various technology, including Fighter Support X (FSX) development technology, to the United States in a total of six projects.

Although these changes were made in the arms export principles, the basic policy of not exporting weapons products and parts has been maintained.

As a matter of course, we must face up to the fact that a large quantity of multipurpose products that can be most probably used as weapons or are almost considered weapons, have been exported to foreign countries, as well as the reality that Japan has been one of the world's major arms importers. However, it is also true that the three principles on arms exports have served as an important message telling the international community that Japan will continue to be a peace-loving nation.

Chief Cabinet Secretary Kozo Igarashi stressed at a news conference that the government has no intention of easing the three arms export principles. This is a matter of course. We want to ask the government to stick to the principles.

Planned H-2 Rocket Launch Postponed

OW0207023495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 24 Jun 95 Morning Edition p 1

[FBIS Translated Text] The Science and Technology Agency [STA] and the National Space Development Agency of Japan [NASDA] will postpone for six months until August 1996 the launching originally scheduled

for February 1996 of the large domestically made "H-2" rocket. The postponement is due to a delay in developing an earth observation satellite to be attached to the rocket. Because of the postponement, Japan will see no rocket launching for a year-and-a-half after the last launching this spring. Although the STA and NASDA plan to launch the next H-2 rocket for practical purposes in an attempt to get into the international satellite business, the project was frustrated from the start. Since the H-2 rocket's launching cost is twice as high as for rockets of European nations and the United States, Japan has tough international competition in the satellite launching business. In this sense, the postponement of the launching is likely to place Japan at a disadvantage in competition for satellite launching orders.

Behind schedule is the development of the Advanced Earth Observing Satellite (ADEOS), designed to monitor the earth's environment. NASDA began the project by investing 54.5 billion yen, with Mitsubishi Electric Corporation as a main contractor. However, work on adjusting and connecting three sensors developed by the National Aeronautics and Space Administration and the national space research center of France has been delayed for about four months.

In addition, a test is necessary before launching, and it takes time to transport the rocket to the launching site. If those facts are considered, it will be difficult to launch the rocket in February 1996 as scheduled. For that reason, the STA and NASDA have decided to postpone the launching for six months, and their decision will be reported to the Space Activities Commission (chairman: STA Director General Tanaka) soon and is expected to be approved by the commission.

In the past, NASDA succeeded in launching three experimental rockets, including one carrying the meteorological satellite "Himawari 5" in March 1995. Beginning with the next launching, Rocket Systems Co. (Tokyo; Takaaki Yamada, president), jointly set up by aviation and space project-related industries, is to undertake the launching for business purposes. Although Rocket Systems has already started bidding for satellite launchings, the delay in launching the H-2 rocket for business purposes for the first time is likely to have a negative impact on Japan's efforts in the competition for contracts.

The cost of launching an H-2 rocket is approximately Y18 billion, twice as much as that of Ariane Space Co., a European company whose satellite launching accounts for 60 percent of the world market. Moreover, as a result of negotiated agreements on fisheries, Japan's rocket launching is limited to twice a year, in winter and in summer.

Because of a Japan-U.S. agreement in 1990, there is no restriction on the purchase of commercial satellites, and there is no doubt that new model satellites will be increasingly produced under an international project. In view of this trend, NASDA will be required to develop satellites on schedule, in coordination with foreign companies.

North Korea

U.S. 'Experts' for Discussing Spent Fuel Depart

SK0107103995 *Pyongyang KCNA in English*
1033 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — A delegation of U.S. experts which had participated in the third round of negotiations between DPRK and U.S. experts on the safe storage of spent fuel left here for home today by air.

The experts of the two sides discussed technical and practical issues on the safe storage of spent fuel in a constructive atmosphere.

U.S. Korean War Memorial Ceremony 'Burlesque'

SK0107044695 *Pyongyang KCNA in English*
0439 GMT 1 Jul 95

["Nothing is Better Than Stupid Things" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — It is reported that some forces of the United States will hold on July 27 an "unveiling ceremony" of a "monument to the Korean war" which was erected in Washington in May. Some time ago, they decided to call an express highway in New Jersey "highway dedicated to Korean war."

By staging this burlesque 45 years since the start of the Korean war and 42 years since their defeat in the war, they seek a sinister intention, says NODONG SINMUN today.

The news analyst continues:

They work hard to conceal their true colors as the provoker of the war of aggression in Korea.

By "observing" the Korean war with a "monument" and "express highway," they try to make public opinion doubt that the U.S. started the war.

It is too innocent of them to reverse the historical facts with a farce of "observing" them.

By doing so, they aim to bury into oblivion their defeat in the Korean war and conceal their disgrace.

Notably, they seek to incite the consciousness of a war against Korea in American society and use young and

middle-aged Americans as a shock force in the war by describing the last Korean war of aggression as "justice" and the U.S. as "victor."

The United States must take the road to peace, not to war adventure. This is beneficial to the U.S. itself.

The U.S. must give up the planned "unveiling ceremony" and sincerely respond to the DPRK's reasonable proposal for terminating the unstable ceasefire state and establishing a peace mechanism on the Korean peninsula.

The U.S. had better discard the anachronistic viewpoint and method and act with reason.

U.S. Reportedly Planned Korean War A-Bomb Use

SK0207082195 *Pyongyang KCNA in English*
0815 GMT 2 Jul 95

["Who Poses Nuclear Threat?" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — It has been brought to light that the United States planned to use an A-bomb during the last Korean war.

Commenting on this, NODONG SINMUN today says that the Korean people have since been exposed to nuclear threat from the United States.

The news analyst continues:

NHK of Japan reported that the United States examined the plan of dropping an A-bomb on Phyonggang, Kangwon Province, Korea during the last Korean war (June 25, 1950-July 27, 1953). A secret document on this fact was recently discovered among Far Eastern military documents in the U.S. National archives.

The United States attempted to use nuclear weapons in December 1950 and in the spring of 1953, according to the August 6, 1982 edition of the Japanese magazine ASAHI JOURNAL.

U.S. nuclear threat to the DPRK has become pronounced since they began introducing nuclear weapons into South Korea in 1957.

In the 1960s, the 1970s and the 1980s, U.S. military bosses threatened time and again that they would not rule out the use of nuclear weapons on the Korean peninsula.

It is the United States that has created and is increasing the danger of nuclear war in and around the Korean peninsula.

The U.S. has shipped more than 1,000 nuclear weapons to South Korea, turned it into the largest nuclear forward

base in the Far East and systematically staged nuclear war exercises against the DPRK.

In the past, the U.S. talked a lot about "threat from the North" and "nuclear threat," in an attempt to justify their nuclear war scheme.

As long as U.S. nuclear weapons remain in South Korea, the danger of nuclear war cannot be removed on the Korean peninsula. The United States must withdraw its nuclear weapons from South Korea.

'Secret Document' Reveals Fact

*SK0307140195 Pyongyang Korean Central
Broadcasting Network in Korean 1225 GMT 3 Jul 95*

[Unattributed talk: "Who Is Imposing Nuclear Threats?]

[FBIS Translated Text] According to a report by the Japanese NHK broadcasting station, the United States considered the plan to drop an atomic bomb in the Pyonggang area in Kangwon Province during the Korean war. A secret document revealing the fact was recently discovered among the Far Eastern military documents in the U.S. national archives. This irrefutably shows that the United States planned to use an atomic bomb during the Korean war. Since then, our people have been under the nuclear threat of the United States.

The United States planned to use atomic bombs to make up for the repeated defeats in the Korean war. It planned to use one of the bombs in the Pyonggang area. It was not just once or twice that the United States attempted to use atomic bombs during the Korean war. According to the 6 August 1982 issue of the Japanese magazine *ASAHI JOURNAL*, the United States attempted to use atomic bombs in December 1950 and the spring of 1953. The United States had not deployed nuclear weapons to South Korea at the time. Our nuclear threat from the United States has become more overt since 1957 when the United States began bringing nuclear weapons to South Korea. In the sixties, seventies, and eighties, some of the U.S. military leaders continued to rudely say that they would not rule out the use of nuclear weapons on the Korean peninsula. These facts show that the true culprit who ceaselessly imposed nuclear threats against us are none other than the United States.

The one who has been driving and amplifying the risk of a nuclear war on and around the Korean peninsula is the United States. This is proven by various data. First, the United States has brought more than 1,000 nuclear weapons to South Korea, turning South Korea into the largest nuclear combat base in the Far East. Moreover, numerous nuclear weapons are deployed against us to the neighboring areas of the Korean peninsula, including Japan's main island, Okinawa, and Guam.

Meanwhile, the United States has systematically staged nuclear war exercises against our Republic. Particularly, the Team Spirit joint military exercise, which has been conducted almost every year since 1976, is a test nuclear war and a preliminary war against us. Even recently, the United States and the South Korean puppets have deployed numerous planes in South Korea every day to conduct war exercises for a surprise attack on our Republic. Recently, the U.S. military circles even conducted a computer simulated war exercise for a mock nuclear war in Korea.

As shown by the above facts, the risk of a nuclear war is not fading on the Korean peninsula because the United States is bringing numerous nuclear weapons to South Korea and conducting nuclear war exercises. Our people live under a constant nuclear threat from the United States.

In the past, the United States impetuously racketed about the threat of our southward aggression and nuclear threat. That was a slogan to justify the United States' nuclear war maneuver and a trick to seek after a pretext of a war adventure. This is now proven irrefutable.

Nuclear weapons are not war deterrence. As long as U.S. nuclear weapons remain in South Korea, the risk of a nuclear war will not vanish from the Korean peninsula. The United States should withdraw nuclear weapons from South Korea.

U.S. 'Imperialists' Commit 'Aerial Espionage'

*SK0207082795 Pyongyang KCNA in English
0821 GMT 2 Jul 95*

["U.S. Imperialists Commit More Than 180 Cases of Aerial Espionage" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — The U.S. imperialists let overseas-based E-3 AWACS, RC-135 strategic reconnaissance planes and U-2 high-altitude strategic reconnaissance planes fly in the sky above South Korea on June 28, 29 and 30 for a photographing and electronic reconnaissance over the whole area of the northern half of Korea, according to military sources.

Overseas-based strategic reconnaissance planes and AWACS, and South Korea-based tactical reconnaissance planes, eleven in all, committed aerial espionage on the North side area in the sky above the Military Demarcation Line day and night on June 29.

The aerial espionage on the DPRK committed by the U.S. imperialists with the mobilization of tactical planes of different missions numbered more than 180 cases in June.

This fully shows that the U.S. imperialist bellicose elements are stepping up war preparations against the DPRK, running counter to detente on the Korean peninsula.

ROK's Kim Yong-sam 'Patronizing' U.S. Forces

SK0307044195 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 2 Jul 95

[FBIS Translated Text] These days in South Korea, crimes committed by the U.S. aggressive forces are being carried out one after another. Nevertheless, rather than punishing the offenders, traitor Kim Yong-sam is carrying out a flunkeyist nation-selling act of patronizing and siding with them. Thus, various circles are burning with indignation.

Recently, the puppet clique ordered that no penalties should be imposed on U.S. soldiers who violate traffic regulations. In the guidelines for violations of traffic regulations, which was sent to regional police stations, the puppet clique clearly stated that if a U.S. soldier violates traffic regulations, the offender's identity and violation should be written up and sent to his affiliated military unit in writing, and that this matter should not be touched.

The puppet police office ordered affiliated police stations and police boxes not to publicize crimes committed by U.S. soldiers, if possible, and if it is made public, approval from the U.S. Forces side must be received first, and the reason for the crime should not be pursued and revealed.

The puppet clique also unhesitatingly committed a disgusting act of preventing reporters from covering news on crimes being committed by U.S. soldiers in late May.

In preparation against the people's struggle protesting the atrocities being committed by U.S. soldiers one after another, the Kim Yong-sam puppet clique is strengthening security on facilities related to the United States. In particular, the puppet clique is saying that there is a possibility that students may make a surprise attack in the middle of the night at major U.S. organs, including the U.S. Embassy. Thus, it is bent on strengthening measures to protect the master, such as increasing the number of guards.

These are ugly submissive acts that can be carried out only by a shabby colonial puppet and an ugly person like traitor Kim Yong-sam, who has pierced in his heart the idea of worship of and flunkeyism toward the United States. The rascal's dirty identity is once again being clearly revealed.

Mun Ik-hwan's Widow Visits Mangyongdae 29 Jun

SK3006044795 Pyongyang KCNA in English 0409 GMT 30 Jun 95

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Wife of Rev. Mun Ik-hwan, Presbyterian Pak Yong-kil, representative of the meeting of the 70 million fellow countrymen for greeting reunification in South Korea and co-chairperson of the council of the family movement for realizing democracy, who came here to honour the memory of the great leader President Kim Il-song on the first anniversary of his death, visited Mangyongdae on June 29.

She was accompanied by Chong Kyong-mo, Korean resident in Japan.

Being briefed about the old home in Mangyongdae where President Kim Il-song was born and fostered lofty aim of revolution, they saw round the relics kept with care in the historic house.

Visits Taesong Cemetery 30 Jun

SK0107044095 Pyongyang KCNA in English 0434 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — Wife of Rev. Mun Ik-hwan, Presbyterian Pak Yong-kil, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the council of the family movement for realizing democracy in South Korea, who has come here to honour the memory of the great leader President Kim Il-song on the first anniversary of his death, laid a bouquet of flowers before the Mt. Taesong Revolutionary Martyrs Cemetery on June 30.

She was accompanied by Chong Kyong-mo, a Korean resident in Japan.

Pak Yong-kil laid flowers before the bust of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter, and observed a moment's silence in memory of her.

On the same day, Pak called at the Patriotic Martyrs Cemetery and observed a moment's silence.

ROK Meeting Urges General Federation of Unions

SK3006150795 Pyongyang KCNA in English 1505 GMT 30 Jun 95

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — The joint meeting of Kumi Regional Trade Unions (Yondaemoim) comprising more than 8,000 members of 13 trade unions is waging a powerful struggle for building General Federation of Democratic Trade Unions, said a South Korean paper.

Yondaemoim declared that it would further strengthen and develop its organization on a massive scale this year through the struggle for wage hike and renovation of collective agreement and intensify propaganda to popularize the struggle for the building of industrial trade unions under the General Federation of Democratic Trade Unions and for the abolition of the evil labor law.

It said it would actively join in the struggle for vital rights and democracy of workers throughout South Korea." [quotations as received]

The South Korean Trade Union of Electric Technology entered a general strike on June 23, demanding wage-hike.

The trade union had nine rounds of negotiations with the company side from December last year, demanding wage-hike but the demand was not met, before it went over to the general strike.

The trade union declared that it would continue the general strike till July 2.

Cuban NDFSK Urges Abolition of ROK NSL

SK0107043695 *Pyongyang KCNA in English*
0427 GMT 1 Jul 95

["Abolition of S. Korea's 'NSL' Urged" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The Havana mission of the National Democratic Front of South Korea (NDFSK) called a press conference on June 23 urging the abolition of the "National Security Law [NSL]" in South Korea.

Chief of the mission Pak Kwang-ki said the "NSL" is an anti-national fascist law worst ever in history, the law which negates the nation, opposes reunification and ruthlessly tramples down democracy and the will of the people.

It is an anachronistic act that the South Korean authorities are antagonizing the fellow countrymen in the North as "enemy" and blocking free contacts, visits and correspondence between the South and the North, he said, and continued:

Many people at home and abroad are now strongly demanding an immediate abolition of the "NSL", which hinders the independent reunification of the nation.

The "NDFSK" and the South Korean people will staunchly struggle to get the "NSL" scrapped, achieve the independence and democracy of the South Korean society and reunify the country in the 90s.

Latin America Committee Denounces NSL, ANSP

SK0107101595 *Pyongyang KCNA in English*
1005 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The Solidarity Committee of Political Parties and Fronts in the Caribbean and Latin American Region for Supporting the Struggle of the National Democratic Front of South Korea and the South Korean People released a statement on June 26 urging the abolition of the "National Security Law" [NSL] and the dissolution of the "Agency for National Security Planning" [ANSP] in South Korea.

Noting that the "NSL" is a means of existence for the Kim Yong-sam regime dependent on outside forces and the worst anti-national law which suppresses all the forces of the movement for reunification and democracy, calling them "pro-communist forces," the statement said that without the abolition of the evil law, is it impossible to launch any reunification movement and achieve the great unity of the whole nation.

It said the anti-reunification, anti-national "law," which defines the fellow countrymen in the North as the "enemy" and prohibits the reconciliation and unity of the nation and reunification of the country, must be scrapped unconditionally without delay and the plot-breeding "ANSP," which suppresses the forces of the movement for reunification and democracy by invoking the "NSL," dissolved immediately.

We will join the world's human rights organizations and international organizations in demanding the abolition of the "NSL" and will do our utmost to see the struggle for its abolition being waged on a worldwide scale, said the statement.

Paper on Japan's Atonement for WWII 'Crimes'

SK0207083195 *Pyongyang KCNA in English*
0818 GMT 2 Jul 95

["Japan Cannot Avoid Atonement for Crimes" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — MINJU CHOSON today comments on the Japanese Government's programme of setting up a "public fund" for "compensation" to the former "comfort women for the Japanese Army."

The paper brands this as an intolerable insult to the former "comfort women" and a crafty ruse to avoid the state responsibility under international law for the past crimes of Japan with symbolic "comfort money."

The news analyst says:

It has been brought to light that the policy of "comfort women for the army" was worked out by the Japanese Government and carried out by the Japanese military in the past.

Any state must be responsible and apologize and compensate for the crimes committed by the state itself. This is a demand of international law and common knowledge.

The Japanese Government must not try to avoid the responsibility for the "comfort women" issue and other past crimes with a "resolution" or "public fund" but must honestly admit and officially apologize for them, open to the public the truth behind them, punish those responsible and compensate the victims so adequately that they can understand.

The Japanese authorities must clearly know that with no trick can they conceal the past crimes and avoid the state's atonement for them.

Central Committee Sends Message to Mubarak

*SK2806105195 Pyongyang KCNA in English
1036 GMT 28 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 28 (KCNA) — The Central People's Committee of the Democratic People's Republic of Korea sent a message to Muhammad Husni Mubarak, president of the Arab Republic of Egypt, on June 27.

The message says:

"Upon receiving the news that your excellency have survived an unexpected shooting incident safe and sound we extend our warm consolation and sincerely wish you good health."

Foreign Minister Meets New Zambian Ambassador

*SK2706110995 Pyongyang KCNA in English
1046 GMT 27 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — Kim Yong-nam, vice-premier and Foreign Minister, today met and had a talk with Moses Musonda, new Zambian ambassador e.p. to Korea.

Papers Commemorate Zairian Independence

*SK3006112595 Pyongyang KCNA in English
1111 GMT 30 Jun 95*

["Independence Day of Zaire Observed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Papers here today dedicates articles to the 35th anniversary of the independence of Zaire.

The independence of Zaire was a significant historical event which opened the road ahead of the people to build a free and peaceful new society, a signed article of NODONG SINMUN says, and goes on:

The Zairian people have made strenuous efforts to eradicate the aftermaths of the colonial rule, develop the economy and build national culture over the past 35 years.

A signed article of MINJU CHOSON says:

Korea and Zaire have long developed the friendly and cooperative relations.

Believing that the friendly and cooperative relations between Korea and Zaire will further strengthen and develop in conformity with the desire of the two peoples, the Korean people wish the Zairian people greater achievements in the efforts to build a new society.

Peru's Pampas Gives City Key to Kim Chong-il

*SK2806043595 Pyongyang KCNA in English
0420 GMT 28 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 28 (KCNA) — A function to present a key of Pampas City, Tayacaja department of Peru, to the great leader Comrade Kim Chong-il on the occasion of the 31st anniversary of his beginning of work in the Central Committee of the Workers' Party of Korea took place in the city hall on June 20.

The decision of the city council on presenting a key of Pampas City to Comrade Kim Chong-il was read at the function.

The decision noted that the city council decided to present the key of Pampas City, Tayacaja department, to Marshal Kim Chong-il, supreme commander of the Korean People's Army, highly appreciating his abilities of organization and leadership for the Korean style socialism which is a model of the people of the third world countries.

Edwin Monge Sumaeta, mayor of the city, conveyed the key and the letter of decision to the Korean ambassador to Peru.

The mayor said in his speech that Marshal Kim Chong-il has faithfully defended and developed the idea and cause of the great leader generalissimo Kim Il-song and that today he is successfully leading socialist Korea at the head of the party, state and Armed Forces.

Kim Chong-il Honorary Citizen of Peruvian City

SK0107043495 Pyongyang KCNA in English
0423 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The great leader Comrade Kim Chong-il was awarded a title of honorary citizenship and a medal of Huacho City in Huaura Department, Peru, on the 31st anniversary of his beginning of work in the Central Committee of the Workers' Party of Korea.

A function was held at the meeting room of the city hall on June 23, and a letter of decision was read.

The letter noted that supreme commander of the Korean People's Army Marshal Kim Chong-il is a thinker-theoretician, a statesman and a revolutionary, who is successfully carrying forward the revolutionary traditions established by the great leader President Kim Il-song, and that he is making a great contribution to the development of the Democratic People's Republic of Korea, a great model of the third world countries.

"We hold a grand ceremony praising the exploits of the great leader Marshal Kim Chong-il and award a title of honorary citizenship and a medal of the city, the highest commendation of Huacho City, to Marshal Kim Chong-il, supreme leader of the party, state and Armed Forces of Korea," the letter said.

Saying that the august name and exploits of the respected leader Marshal Kim Chong-il are well known worldwide, Carlos Mesa, departmental governor and mayor, emphasized in his speech that led by the great Marshal Kim Chong-il, the socialist construction and reunification cause of Korea will certainly emerge victorious.

Foreign Media Reports on Work of Kim Chong-il

SK0107043195 Pyongyang KCNA in English
0415 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — Foreign media have reported "Giving Priority to Ideological Work is Essential for the Accomplishment of the Socialist Cause," a famous work of the great leader Comrade Kim Chong-il.

The Russian paper PRAVDA June 27 quoted Comrade Kim Chong-il as saying in the work that the most serious lesson of the collapse of socialism in several countries is that the corruption of socialism begins with an ideological corruption, and that a break-down on the ideological front results in the crumbling of all the socialist fronts and ends in a total ruin of socialism.

He also said that the working-class party must pay close attention to ideological and theoretical activities to

develop the socialist ideology in step with change in the times and the progress of the revolution and construction and that the collapse of socialism in some countries is, in the final analysis, the consequences of the poverty and degeneration of scientific, revolutionary ideas and theories, the paper said.

He noted that the basic task of ideological work in socialist society is to dye the whole society with the socialist ideology and the world socialist movement will inevitably triumph thanks to the struggle of the popular masses who are awakened to the socialist ideology and united on its strength, it added.

The gist of the work was reported also by the Tanzanian paper UHURU and Radios Reloj and Progreso of Cuba.

More Countries Report on Kim Chong-il's Work

SK3006044095 Pyongyang KCNA in English
0405 GMT 30 Jun 95

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause", a famous work of the great leader Comrade Kim Chong-il, was carried by the Pakistani papers MASHRIQ, NIDAE WAQT and SIND EXPRESS June 24.

The UNI and PTI news agencies of India reported the work on June 22 and the Cambodian Radio FM 90 broadcast it on June 23 and 24.

Paper Praises Kim Chong-il Work on Ideology

SK0107103595 Pyongyang KCNA in English
1026 GMT 1 Jul 95

["Undying Feat in Consummating Principles and Methods of Ideological Work" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The great leader Comrade Kim Chong-il in his famous work "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause" gives a new, comprehensive exposition of the principles and methods of socialist ideological work.

NODONG SINMUN today in a signed article entitled "Undying Feat in Consummating Principles and Methods of Ideological Work" says:

The theory of the principles and methods of the socialist ideological work laid down by respected Comrade Kim Chong-il in the work entirely conforms with the intrinsic requirement of socialism.

The article quotes the great leader Comrade Kim Chong-il as saying:

"In socialist society ideological work must be vigorously conducted as the concern of the entire party, the whole state and the whole society under the leadership of the working-class party."

The article goes on to say:

The ideological work in socialist society is, in essence, a work to thoroughly arm the popular masses with the socialist ideology, firmly cement the foothold of the socialist ideology in all aspects of the revolution and construction and give full play to the revolutionary zeal of the masses and their creative ingenuity. In socialist society, therefore, bodies of the party and the state, working people's organisations and all other organs and organisations should conduct the work to imbue the popular masses with the socialist idea in accordance with their mission and duties.

The principle of firmly guaranteeing the leadership of the working-class party over ideological work, which is laid down in the work, is a very just idea evolved on the basis of the scientific exposition of the position and role of the party in the ideological work and the socialist cause.

The theory of the principles and methods of the socialist ideological work, laid down by respected Comrade Kim Chong-il in the work, is also the most just theory that tallies with the law governing the development of ideological remolding among the people.

Ideological transformation is, by origin, for the good of the popular masses and must be conducted by themselves.

The great leader Comrade Kim Chong-il said that in turning ideological transformation into the work of the popular masses themselves it is very important to vigorously promote various forms of mass ideological transformation campaign. This is a very just idea evolved on the basis of the valuable experience of the Workers Party of Korea which has succeeded in ideological transformation.

Respected Comrade Kim Chong-il also said ideological education must be conducted through study and organizational life and in close combination with revolutionary practice, and elucidated the questions of putting an end to the administrative and formalistic practices in ideological work and of doing it in an original and substantial way.

The principles and methods of the socialist ideological work set forth by the great leader Comrade Kim Chong-il in his work are so rich and encyclopedic that they can be a solution to any problems arising in ideological work.

In the work Comrade Kim Chong-il gave a flawless exposition of all the principles and methods of conducting the socialist ideological work.

A comprehensive exposition of the principles and methods of the socialist ideological work—this is a precious fruition of the energetic ideological and theoretical activities and wise guidance of Comrade Kim Chong-il who is leading the socialist ideological work of our times to victory with rare wisdom and distinguished leadership; it is a great achievement that can be made only by him.

People Urged To Unite Around Kim Chong-il

*SK0107050795 Pyongyang KCNA in English
0449 GMT 1 Jul 95*

["President Kim Il-song's Revolutionary Idea is Vital for Korean Revolution Forever, says NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — NODONG SINMUN today carries an editorial captioned "The Great Comrade Kim Il-song's Revolutionary Idea is Vital for Our Revolution Forever."

The editorial says that if we are to brilliantly carry forward and accomplish the chuche revolutionary cause, we must dynamically move forward under the slogan "Long live the revolutionary idea of the great leader Comrade Kim Il-song."

The revolutionary idea of the great leader Comrade Kim Il-song, the chuche idea, it notes, is the most flawless guiding idea of our times and the only lifeline that should firmly be tackled by the Workers' Party of Korea and the Korean people for good and all.

The editorial quotes the great leader Comrade Kim Chong-il as saying:

"The chuche idea is the party's unshakable ideology that guides our revolution to victory. Only when we adhere to the chuche idea can we accomplish our party's revolutionary cause of realizing independence for the masses."

The editorial goes on:

For the Korean people to take the chuche idea as the eternal lifeline of the Korean revolution is one of the most important undertakings to hold in high esteem the great leader Comrade Kim Il-song for all ages and add lustre to his revolutionary feats forever.

No matter how much water flows under the bridge, we should be infinitely faithful to the great chuche idea and firmly take it as the eternal lifeline. Only then can we hold in high esteem Comrade Kim Il-song for all ages

and convey his exploits down through generations to come.

For the Korean people to take the revolutionary idea of Comrade Kim Il-song as the eternal lifeline is a noble work to firmly consolidate the singlehearted unity of the Korean people around the party and the leader generation after generation.

It is the behests of the great leader Comrade Kim Il-song that all the party members, People's Army officers and men and people should get united around respected Supreme Commander Comrade Kim Chong-il among other things and carry the chuche revolutionary cause to completion. Nothing but the great chuche idea can exist in the future, too, within our revolutionary ranks rallied close around respected Comrade Kim Chong-il.

For the Korean people to take Comrade Kim Il-song's revolutionary idea as their lifeline is an important work to glorify the honor and dignity of the Kim Il-song nation generation after generation.

His revolutionary idea, the chuche idea, is the banner of certain victory to defend and add lustre to the destiny of our country, the revolution and the Korean people for good and all.

All the party members and other working people should continue to stubbornly fight, taking the chuche idea as their eternal lifeline under the guidance of the great party and glorify the honor and dignity of chuche Korea that shines along with the august name of Comrade Kim Il-song.

The editorial further says:

What is the most important thing for all the party members and other working people to take Comrade Kim Il-song's revolutionary idea as their lifeline is to remain unfailingly loyal to the idea and leadership of respected Comrade Kim Chong-il.

Comrade Kim Il-song is precisely respected Comrade Kim Chong-il and, accordingly, Comrade Kim Il-song's revolutionary idea is the idea of Comrade Kim Chong-il.

All the party members and other working people should cherish deep in their hearts the unshakable faith that when they are true to the intention and idea of the great leader Comrade Kim Chong-il, they will always emerge victorious, and should think and act in accordance with the idea and intention of Comrade Kim Chong-il.

Kim Chong-il Sends Thanks to Soldiers, Workers

SK0307050695 Pyongyang KCNA in English
0454 GMT 3 Jul 95

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to director Yi Myong-chol, secretary of the primary party committee Kim Myong-suk and other officials and employees of the Changgwang service management office in Pyongyang who devoted their sincerity to building the Kumsusan area into a supreme holy land of chuche.

His thanks were sent to the party committee and officials of the general bureau of reception for overseas compatriots; Kim Son-cho of the Unsan-up cooperative farm, Unsan County, North Pyongan Province, and his family; Yi Hyo-chol, a worker of the Hamhung disabled soliders' prosthesis factory.

Kim Kyong-chu and Kim Kyong-mi, pupils of the Kuirak Senior Middle school, Sepo County, Kangwon Province; Chu Ung-song, a senior public prosecutor of the central public prosecutor's office, and his family who displayed unfailing loyalty in the arrangement of revolutionary sites.

Comrade Kim Chong-il highly estimated leading officers of the Kang Se-nok unit of the Korean People's Army for their assistance to a socialist rural community.

International Korean Group at Kim Il-song Statue

SK0107043995 Pyongyang KCNA in English
0432 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — A visiting group of the International Korean Association (unity) led by its Vice-Chairman Sok Myong-son called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and laid a floral basket and paid homage to him on June 30.

The respected leader President Kim Il-song will always be with us, the head of the visiting group said, and went on:

We will accomplish the cause of national reunification so earnestly wished by President Kim Il-song, under the leadership of respected General Kim Chong-il.

Foreign Sailors Mark Kim Il-song Anniversary

SK0107043895 Pyongyang KCNA in English
0430 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — A symposium of foreign seamen was held at Chongjin

Port on June 29 on the first anniversary of the death of the great leader President Kim Il-song.

Masters and seamen of Chinese-flagged ships, a Liberian-flagged ship, a St. Vincent and Grenadines-flagged ship and a Belizean-flagged ship were present at the symposium.

The master of a Chinese ship and other masters made speeches at the symposium.

They said his excellency the great President Kim Il-song devoted all his life to happiness of the Korean people and global independence and his feats would remain brilliant in human history and his august name would remain in the minds of the world people forever with the *chuche* idea.

His Excellency Kim Chong-il is the great leader of the people in the 21st century and Korea would shine forever with the august names of President Kim Il-song and His Excellency Kim Chong-il, they said.

A solidarity letter to the great leader Comrade Kim Chong-il was adopted at the symposium.

Collection of Kim Il-song's Works Published

SK0307110495 *Pyongyang KCNA in English*
1025 GMT 3 Jul 95

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — A collection of works of the respected leader President Kim Il-song, "Answers to the Questions Raised by Foreign Journalists" Vol. 5, was published by the Workers' Party of Korea Publishing House.

The collection contains 26 important works of President Kim Il-song among his answers to questions raised by foreign journalists, talks with foreign political and public figures and speeches at some international meetings from March 30, 1989 to June 30, 1994.

The works of President Kim Il-song contained in the collection clarify the revolutionary essence and general principles of the *chuche* idea, the guiding idea of the Workers' Party of Korea [WPK], principles and ways of thoroughly embodying the *chuche* idea in the revolution and construction, the features and advantages of Korean socialism centred on the popular masses and the revolutionary idea and line of the party on vigorously advancing along the road of socialism.

The works make a deep scientific analysis of the cause of and serious lessons from the frustration of socialism in some countries and indicate the idea of making parties aspiring after socialism unite closely on the new basis and actively stage the movement for the reconstruction of socialism with united forces.

The works clarify policies for a solution to the reunification question of the country on the three principles of independence, peaceful reunification and great national unity, for the realization of national reunification by means of founding a confederal state through the concerted efforts of the North and South of Korea and other most realistic and reasonable policies and proposals of the WPK for national reunification.

Elucidated in the works are justness of the foreign policy of the WPK whose main ideas are independence, peace and friendship, the issue of actively struggling against the imperialists' policy of aggression and war, the issue of further strengthening and developing the Non-aligned Movement after the end of the Cold War and other principled issues arising in the struggle for independence against imperialism, for peace against war.

President Kim Il-song lauded the noble traits and brilliant leadership feats of the dear leader Comrade Kim Chong-il as the leader of people who is boundlessly loyal to the fatherland and people and stressed that the continuity of the leader's idea and leadership had been solved successfully in Korea.

The works of the collection consummate outstanding ideas, theories and strategical and tactical policies giving answers to many theoretical and practical problems arising in revolution and construction including the issue of further strengthening and developing the world youth movement as demanded by the era of independence.

Reports, Speeches of Kim Il-song Reviewed

SK0307045295 *Pyongyang KCNA in English*
0441 GMT 3 Jul 95

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — The of the Workers' Party of Korea publishing house brought out "Collection of Kim Il-song's Works" Vol. 12 some time ago.

Contained in it are 93 famous works of the respected leader President Kim Il-song published from June 25 to December 29, 1950, in the period of the rigorous fatherland liberation war. It comprises his historical reports, addresses, concluding speeches, statements and orders.

President Kim Il-song, a great military strategist, clearly analysed and assessed the rapidly changing military and political situation in those days with his clairvoyant intelligence and scientific penetration and organised and powerfully mobilized the whole party and all the people to a heroic struggle for the victory in the war.

Consummated in the collection are his outstanding idea and theory, unique strategy and tactics, revolutionary

policies and valuable successes and experiences made in the struggle to put them into practice.

In "Let Us Wipe Out the Invaders by a Decisive Counteroffensive", "Let Us Defend Every Inch of Our Motherland at the Cost of our Blood" and other works, President Kim Il-song said on an explicit term that the liberation war of the Korean people to frustrate the armed invasion by the U.S. imperialists is a revolutionary and sacred war of justice to defend the sovereignty of the country and the dignity of the nation and realise the territorial integrity.

The factor of and sure guarantee for the victory in the war are contained in "Go All Out For Victory in the War", "Our Art Should Contribute To Accelerating the Victory in the War" and other works.

President Kim Il-song comprehensively elucidated the revolutionary idea on defeating the quantitative and technical superiority of the enemy with political, ideological and tactical superiority by enhancing the combat efficiency of the People's Army in every way, and tasks and ways for its realisation.

Policies and ways for consolidating the rear and further tightening relations between the front and the rear are clearly expounded in "On the Tasks of Party Organizations for Strengthening the Rear", "Let Us Firmly Defend the Rear" and other works.

In "Concluding Speech Delivered at the Third Plenary Meeting of the Central Committee of the Workers' Party of Korea" and other works, President Kim Il-song set forth the idea and policy on strengthening the party organisationally and ideologically and further enhancing its militant function and leadership role as required by the wartime system.

Besides, the "Collection of Kim Il-song's Works" Vol. 12 contains the outstanding ideas and theories, unique strategies and tactics and policies giving answers to theoretical and practical matters in the struggle to accelerate the final victory of the war including the questions of strengthening the work of party and power bodies in the liberated areas of South Korea and of tightening the international solidarity with peace-loving peoples all over the world.

Symposium Held on Kim Il-song Death Anniversary
SK0307050895 Pyongyang KCNA in English
0451 GMT 3 Jul 95

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — A symposium of men of literature and art was held here on July 2 on the occasion of the first anniversary of the death of the great leader President Kim Il-song.

Present there were Chang Chol, vice-premier of the administration council and minister of Culture and Art, officials concerned, creators and artistes.

The participants observed a moment's silence in memory of President Kim Il-song, who devoted his whole life to the independence of the popular masses and performed the undying feats in the history of literature and art of humankind.

The speakers said that the great leader Comrade Kim Il-song founded the *chuche*-based idea of literature and art which is the guiding idea of the literature and art in our era and an encyclopedia of theories on literature and art, established the brilliant revolutionary traditions of socialist literature and art, and thus provided the historical root of the *chuche*-based literature and art and created a brilliant model of literature and art of humankind.

The great leader formulated the history of the Korean nation from a new angle and put his heart and soul into valuing and correctly carrying forward and developing the heritage of culture left over by the ancestors as a wealth of the country and the nation from the steadfast *chuche*-based stand, the speakers noted, adding:

The feats of the respected leader President Kim Il-song, who discovered Tangun as the father of the nation and rebuilt his tomb to hand down the long history of the country and resourcefulness of the nation with pride through generations, will remain shining forever in the history of the country.

The speakers stressed the need to wage a vigorous struggle to complete the building of the *chuche*-based literature and art started by the great leader President Kim Il-song through generations, upholding the leadership of the great leader Comrade Kim Chong-il with loyalty.

Paper Eulogizes Kim Il-song's Guiding Ideology

SK0307011595 Pyongyang Korean Central
Broadcasting Network in Korean 0400 GMT 1 Jul 95

[NODONG SINMUN 1 July editorial: "The Revolutionary Ideology of the Great Comrade Kim Il-song Is the Eternal Lifeline of Our Revolution"]

[FBIS Translated Text] It has been nearly a year since the great leader Comrade Kim Il-song, whom our people encountered and upheld for the first time in our long 5,000-year history, left us. During the past year, the piercing yearning for and faith in the fatherly leader grew in the hearts of our people. Everyday was a solemn day in which all people firmly strengthened the iron will to uphold the fatherly leader for thousands of generations and to complete to the end the *chuche*

revolutionary cause, following the leadership of the great party.

In order to keep their repeated oath to the end, and brilliantly inherit and complete the chuche revolutionary cause pioneered by the great leader, all people should vigorously fight on, highly lifting the slogan "Hurrah for the revolutionary ideology of the great leader Comrade Kim Il-song." The revolutionary ideology of the great leader Comrade Kim Il-song, which is the chuche idea, is the most correct guiding ideology of our times and the only lifeline our party and people should firmly adhere to forever.

The great leader Comrade Kim Chong-il indicated: The chuche idea is the party's firm guiding ideology that will lead our revolutionary cause to victory. Our party's revolutionary cause to achieve the independence of the popular masses can be completed to the end only under the chuche idea.

Revolution continues for generation after generation. How the people inherit and embody the leader's ideology, which pioneered the road of revolution for the first time, is a question of vital importance that will decide the destiny of the country, the nation, and the revolution. Adhering to the leader's revolutionary ideology as the eternal lifeline means the people regard ideology as the motto of life, will struggle for thousands and tens of thousands of years, and will subject and direct everything to the work to thoroughly defend and glorify the leader's revolutionary ideology. The people should carry out the revolution with a thorough position on the leader's revolutionary ideology in order to achieve the boundless prosperity of the country and nation and to persistently push forward the revolution and construction.

Nothing is more important in completing the revolutionary cause of the working class to the end than adhering to the guiding ideology founded by the leader. Today, our people feel in their hearts how great is the honor of highly upholding the great leader Comrade Kim Il-song and of carrying out the revolution with the immortal chuche idea as the guiding ideology since the pioneering period of the revolution. They are filled with the firm resolution to forever grasp the chuche idea as a lifeline. This is based on their firm faith in the greatness, truthfulness, and invincible vitality of the leader's revolutionary ideology. Nothing can shake that firm faith. As the great leader's fighters and disciples, we should exert our utmost effort to resolutely defend, safeguard, and glorify the leader's revolutionary ideology.

Today, our people adhere to the chuche idea as the eternal lifeline of our revolution. This is the most important work for upholding the great leader Comrade

Kim Il-song for thousands of years and for endlessly glorifying the leader's revolutionary achievements. The greatness of the leader is the greatness of his ideology. Even though the great leader Comrade Kim Il-song left us, the leader lives forever in the eternal vitality of the chuche idea.

As in the past, the road to uphold the great leader as the eternal leader and sun of chuche lies in upholding the banner of the chuche idea. During his entire revolutionary career, the great leader Comrade Kim Il-song thoroughly applied the chuche idea in all aspects of revolution and construction, thus providing a strong basis for our party and people to complete the revolutionary cause to the end. When we lift higher the revolutionary banner of the chuche idea, only then can we firmly defend our own style of socialism that was established by the great leader and can we complete to the end our revolutionary cause.

No matter how much time passes, we should be endlessly loyal to the great chuche idea and adhere to it as the eternal lifeline. Here lies the road to uphold the fatherly leader for thousands of years, and to glorify the leader's achievement for tens of thousands of generations.

We should vigorously advance while regarding the great leader's revolutionary ideology, the chuche idea, as the guiding ideology. We should forever strengthen our party, country, and Army founded by the leader as the party, country, and Army of Comrade Kim Il-song.

Adhering to the great leader's revolutionary ideology as the eternal lifeline is the sacred work to solidify for generations our single-hearted unity, a unity which is united like steel around the party and the leader. In order for the people to complete the revolutionary cause to the end, they should firmly unite around the party and the leader in both ideology and will. Revolution is unity, and unity is victory.

Today, we have achieved the greatest unity and cohesion ever known in history by carrying out the revolution following the leadership of the party and the leader. Our unity and cohesion is none other than the single-hearted unity of ideology and action. This means all party members and people think and act according to only one ideology, the chuche idea. It is the greatest victory of our revolution and the proud fruition of the chuche idea to have achieved chuche-based unity and cohesion in order to complete the socialist cause to the end, enduring any storm.

It was the cordial will of the great leader Comrade Kim Il-song that all party members, officers and men of the People's Army, and people unite and unite

and unite around the respected and beloved supreme commander Comrade Kim Chong-il, and complete the chuche revolutionary cause to the end. Today, as the first anniversary of the passing of the fatherly leader approaches, we reassure the decision to implement the leader's will to the end.

The chuche idea is the eternal ideological basis of our single-hearted unity to be inherited from generation to generation. The great chuche idea will continue to be the only ideology of our revolutionary ranks, firmly united around the respected and beloved Comrade Kim Chong-il. Living with the ideology of single-hearted unity and advancing with the spirit of single-hearted unity means living in accordance with the demands of the chuche idea and advancing under the banner of the chuche idea. When all people are firmly armed with the revolutionary ideology of the great leader Comrade Kim Il-song, the chuche idea, and grasp ideology as a lifeline, then our country will shine as a grand family of single-hearted unity and our revolutionary ranks as loyal and dutiful ranks. Our people will create a victory-only history.

Adhering to the revolutionary ideology of the great leader Comrade Kim Il-song as the lifeline is a significant work for our people in order to demonstrate the honor and dignity as the Kim Il-song nation for thousands of generations. Today, our people are a proud and dignified people with a great national pride and a strong, independent spirit. Never in the 5,000 years of our national history has national honor and dignity been at such a high stage, and never has the Korea-first spirit been so deeply rooted in the hearts of all the people. This could not have been imagined without the revolutionary ideology of the great leader Comrade Kim Il-song, the chuche idea.

Because our people have had the chuche idea since the early days, they have firmly grasped their destiny in their hands and become a proud nation. Our people possess such revolutionary characters as the indomitable spirit of struggle and the revolutionary spirit of self-reliance and fortitude, with which they overcome any trial and devote themselves to the revolution; the resolute spirit of independence that does not allow anything to infringe upon national sovereignty; and the obstinacy with which the people rise like a mountain at the call of the party and the leader, winning without fail. These characters all stem from their faith in the chuche idea.

The great chuche idea is the fountain of our people's ideological and spiritual strength. Without the chuche idea, nothing can be said of our people's unique national spirit. In a hundred or even a thousand years, we will continue the struggle with only the chuche idea as our ideological and spiritual weapon. Our descendants

should also retain the chuche idea as the unique national spirit for generation after generation. The fatherly leader spent his entire life bringing up the great people, the highly esteemed Kim Il-song nation. That glory should be displayed for thousands of generations.

The revolutionary ideology of the great leader Comrade Kim Il-song, the chuche idea, is an ever-victorious banner that defends and glorifies the destiny of our fatherland, our revolution, and our people for thousands and tens of thousands of years. As shown by the proud history of our revolution that shines with victory and glory, there is no doubt that the people's struggle for sovereignty, independence, and socialism will win under the banner of the chuche idea.

The great leader Comrade Kim Il-song founded the immortal chuche idea and gave the people the eternal weapon of faith and struggle. The immortal achievement will shine for tens of thousands of years along the current of the times.

Following the leadership of the great party, all party members and working people should adhere to the chuche idea as the eternal lifeline and should continue to vigorously fight on so as to display for thousands of generations the glory and dignity of chuche Korea that shines along with the esteemed name of the great leader. Above all, we should bear deep in our hearts the faith that the great leader Comrade Kim Il-song is with us forever, and should be boundlessly loyal to the leader's revolutionary ideology.

The heart of a great man may stop beating, but the esteemed name of the great man shines endlessly with his ideology and achievement. The great leader lives forever in the great chuche idea. The immortal chuche idea founded by the great leader brightly illuminates our future; the immortal achievements accumulated by the leader during the course of embodying the chuche idea are the eternal basis of our revolution. All party members and working people should bear deep in their hearts the faith that the great leader is with us forever, and should staunchly walk the single road of loyalty and filial piety no matter how long and dangerous it is.

We should always bear in our minds that being boundlessly loyal to the great chuche idea means upholding the great leader as the sun of chuche for thousands of generations. We should live every moment in accordance with the demands of the chuche idea and should fight our entire lives for the victory of the chuche idea. All party members and working people should attain the chuche idea as the motto and faith of their struggle and life, and should live and work according to the chuche idea, anytime, anywhere, thereby keeping their faithfulness as fighters and disciples of the great leader.

All party members and working people should more strongly arm themselves with the revolutionary ideology of the great leader Comrade Kim Il-song, the *chuche* idea. This is a demand of precedence in attaining ideology as the eternal lifeline of our revolution and in continuing the vigorous fight. To the people conducting the revolution, there is no more valuable ideological and spiritual nourishment than the leader's revolutionary ideology.

Anyone can become a genuine revolutionist and can actively contribute to the revolutionary struggle and prosperous fatherland, but only if they are strongly armed with the great *chuche* idea. All party members and working people should firmly adhere to the great *chuche* idea as the eternal guiding ideology of our party and revolution, and should uphold and thoroughly implement the slogan "Let us more thoroughly arm ourselves with the revolutionary ideology of the great leader Comrade Kim Il-song."

We should persistently continue the study to more firmly arm ourselves with the *chuche* idea. The works and teachings of the great leader Comrade Kim Il-song are excellent textbooks for studying the *chuche* idea. Party members and working people should systematically and deeply study all the numerous classical works written by the great leader, and should take the profound ideology and theory of the works as their flesh and bones. Bearing a firm faith in and desire for the *chuche* idea, as well as following the party, they should be firmly prepared to become genuine *chuche*-type communist revolutionists who stoutly walk along the thousands and tens of thousands of ri of road of the revolution. The great *chuche* idea is the weapon of practice and a powerful weapon for socialist construction. Our people adhere to the great *chuche* idea as the eternal lifeline, with the aim of further prospering our country and fatherland by continuing to vigorously accelerate socialist construction.

Today, our party, which is endlessly loyal to the revolutionary ideology and cause of the great leader Comrade Kim Il-song, wisely leads the struggle to effect a great upsurge in all aspects of revolution and construction, lifting higher the revolutionary banner of the *chuche* idea. Upholding the party's intention, all party members and working people should more vigorously wage the struggle to unify all party members and all of society with the *chuche* idea on a new and higher level.

As in the past, we should thoroughly conduct the construction of the party, the regime, and the armed forces in our own style, and should conduct economic and cultural construction in our own style. Our revolutionary practices are none other than the struggle to embody

the *chuche* idea. All party members and working people should strongly beat the drum of revolution, display the revolutionary spirit of self-reliance and fortitude, bravely overcome the obstacles and difficulties that lie ahead, and effect a great upsurge in socialist construction.

We must highly uphold the party Central Committee slogans on the occasion of the 50th anniversary of the party founding; and by thoroughly implementing the party's revolutionary economic strategy, we must make my country and my fatherland all the more rich and powerful and bring about a new turning point in the struggle to enhance the people's living standard in an epoch-making way.

Today, the imperialists and all kinds of reactionaries are strengthening maneuvers, more than ever before, to crush our Republic, which is moving forward by highly upholding the banner of the *chuche* idea and the socialist banner. With high class and *chuche*-oriented appreciation, all the party members and workers must thoroughly adhere to the purity of the *chuche* idea.

We must work so that the unsound ideological trends that run counter to the *chuche* idea cannot by any means infiltrate, but work so that only the *chuche* idea overflows eternally in our society.

Today, what is most important for all the party members and workers to adhere to the great leader Comrade Kim Il-song's revolutionary ideology as a lifeline, is to be endlessly loyal to the respected and beloved Comrade Kim Chong-il's ideology and leadership. The great leader Comrade Kim Il-song is the respected and beloved Comrade Kim Chong-il, and the leader's revolutionary ideology is Comrade Kim Chong-il's ideology.

All the party members and workers must deeply bear in mind the iron-like faith that if they follow the great leader [yongdoja] Comrade Kim Chong-il's will and ideology, they will always be ever-victorious, and must think and carry them out thoroughly in practice only according to Comrade Kim Chong-il's ideology and intention.

We must vigorously manifest our people's revolutionary trait of living according to the party's faith and the party's intention on the revolutionary road led by the great leader [yongdoja] Comrade Kim Chong-il. We must know how to defend and safeguard politically and ideologically, and with our lives, the respected and beloved Comrade Kim Chong-il in whatever environment, and find the utmost worthwhile life and happiness in loyally upholding the party's ideology and leadership.

All the party members and workers must deeply study and experience the classical works published by the great Comrade Kim Chong-il, including "Socialism Is a Science," and "Putting the Ideological Work in the Forefront Is an Invincible Demand in Carrying Out the Socialist Cause." By doing so, they must be all the more firmly armed with our party's ideology and theory.

The great leader's revolutionary ideology—the chuche idea—is an immortal revolutionary ideology that has eternal vitality as long as there are the people, the revolution, and man, and the banner of all victories and glory of our people.

There is no strength in this world that can prevent our people from moving along the road ahead of the banner of the chuche idea by impregnably uniting around the great leader [yongdoja] Comrade Kim Chong-il, and only victory and glory will shine eternally before us.

WPK on Greeting Anniversary of Party Founding

*SK3006151595 Pyongyang KCNA in English
1511 GMT 30 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — "Let us greet the 50th anniversary of the foundation of the Workers' Party of Korea [WPK] with high degree of political enthusiasm and brilliant achievements!"

This is one of the calls of the WPK Central Committee which was published on April 30 with the approach of the 50th anniversary of the party foundation in October this year.

The whole country is out to implement the calls in order to add lustre to the 50th anniversary of the party foundation with a grand festival of victors.

The working class is fulfilling a vanguard role in the present-day's general onward movement. The workers at the Kim Chaek Iron and Steel Complex, a large metallurgical industrial base, introduced more than 50 valuable technical innovation proposals in production in two months after the announcement of the calls of the party Central Committee. Therefore, they have put the production processes of the hot rolling system and furnace system on a new scientific basis to increase production.

The workers of the Komdok Mining Complex, the nation's renowned non-ferrous metal producer, set itself a goal of producing over 22,000 more tons of lead and zinc this year than an all-time high and are now carrying it out.

In hearty response to the light industry-first policy of the party, the workers in this sector are operating all the light industry factories in full capacity to increase the

production of clothes, shoes and other kinds of people's consumer goods. The Korean Associated Silk Group is keeping innovations in the production of silk thread and cloth in the spirit of having finished its assignments for the first half of the year at 102.6 percent.

The agricultural working people are tending paddy and non-paddy fields well to make this significant year a year of bumper harvest and thus foreseeing good crops.

The construction of the monument to the party foundation, the Chongryu Bridge (the second stage) and Kumnung Tunnel No.2, grand monumental edifices for the anniversary of the party foundation, is progressing apace.

The working people across the country are pushing ahead with production and construction, as they pledged themselves before the bier of the fatherly leader President Kim Il-song with bloody tears.

LSWYK Member Volunteers To Resettle on Farm

*SK2806061095 Pyongyang Korean Central Television
Network in Korean 1100 GMT 27 Jun 95*

[FBIS Translated Text] Comrade No Yong-hui, member of the League of the Socialist Working Youths of Korea [LSWYK] of the enterprise where Comrade Cho In-ho works, volunteered to advance to Kumdang Cooperative Farm in Onchon County, which is blessed with the immortal achievement of guidance of the great leader. On the first anniversary of the great leader's on-the-spot guidance to Kumdang Cooperative Farm, he decided to settle down here and contribute to the country's grain production.

His firm resolve is to farm well with his youth's strength and passion and uphold, through rice, the great leader Comrade Kim Chong-il.

Pyongyang Worker Moves to Rural Area To Farm

*SK3006075095 Pyongyang Korean Central Television
Network in Korean 1100 GMT 29 Jun 95*

[FBIS Translated Text] Kim Chong-yong, who worked for the Material Supply Agency under the Ministry of Post and Telecommunications, recently left with his family for a rural area, his home town, filled with a fervent enthusiasm to uphold the fatherland by producing rice.

The employees of the Material Supply Agency warmly saw off Kim Chong-yong and his family, who were leaving for their home town, Tongnam-ri, in Yongbyon County in North Pyongan Province, with the firm determination to contribute to the growth and prosperity of the fatherland by farming, faithfully upholding the

fatherly leader's lofty and lifelong intent as well as the respected and beloved General Kim Chong-il's leadership.

Reporter Volunteers To Move to Rural Area

SK3006063995 Pyongyang Korean Central Television Network in Korean 1100 GMT 29 Jun 95

[FBIS Translated Text] Comrade Pak Hyong-chol, reporter of the Korean Journalists Union [KJU] Central Committee, voluntarily advanced to the Muak cooperative farm in Sinwon County, upholding the party Central Committee's slogan urging the entire party, the entire country, and the entire Army to actively support rural areas with labor, materials, and technologies.

Functionaries of the KJU Central Committee warmly saw off Comrade Pak Hyong-chol and his family who were advancing into the socialist rural area with fervent determination to brilliantly implement the fatherly leader's grand idea on rural construction.

Potonggang Inn Employee Volunteers To Farm

SK0107051195 Pyongyang Korean Central Television Network in Korean 1100 GMT 24 Jun 95

[FBIS Translated Text] Embraced with the warm mind to devote one's life to brilliantly realize the party's rural construction plan by highly upholding the great leader's lifetime teaching, Comrade Choe Yong-su of the management department of the Potonggang Inn under the External Economy Commission, volunteered to venture to Kim Chong-suk county with his family. As he ruminated in his heart about the fatherly leader's benevolence that cares for, loves, and takes thoughtful consideration of the disabled veterans, Comrade Choe Yong-su could not withhold the guilty conscience of not being able to repay that love. Thus, he volunteered to venture to the glorious land, Kim Chong-suk county, where the invincible communist revolutionary fighter Comrade Kim Chong-suk's immortal revolutionary achievements are engraved. He was overflowing with the determination to eternally take root there and be loyal to the dear comrade leader's leadership, generation after generation.

[Begin Choe Yong-su recording] Today, I leave for Kim Chong-suk county amidst the enthusiastic greeting of comrades, to repay, through rice, the love and faith of our respected and beloved General Kim Chong-il who treasures our disabled veterans as the country's precious treasure and puts us at the forefront. This is all unfamiliar to me and since this will be my first attempt at farming, I think that I will need patience. Each time, I will think about the pains taken by the fatherly leader who devoted his life for the people's happiness, deeply

engrave it in my heart, and will devote all of myself so that the great leader [yongdoja] General Kim Chong-il will no longer walk through this rugged field, and farm well so as to give happiness to the general, without fail. [end recording]

Construction of Hungju Power Plant Accelerated

SK3006054595 Pyongyang Korean Central Television Network in Korean 1100 GMT 22 Jun 95

[FBIS Translated Text] The workers for the construction of the Hungju Power Plant, who have received with a burst of passion the great leader [yongdoja] Comrade Kim Chong-il's classical work "Giving Priority to Ideological Work Is an Essential Demand for the Accomplishment of the Socialist Cause," are more vigorously accelerating the construction of the power plant with the indomitable fighting spirit which they displayed during the 70-day battle.

They are achieving new innovations every day in the construction of the power plant to satisfy the increasing demands of the people's economy for electricity, while keeping deeply in mind the last teaching on the acceleration of the construction of the Hungju Power Plant which the great leader [suryongnim] gave on 6 July 1994.

They are making active efforts to complete the construction ahead of schedule by effectively repairing and keeping in proper condition the construction machinery and equipment on a timely basis and by making effective use of raw and other materials.

At the present moment, the construction workers are devoting all of their energy to complete the construction of the power plant ahead of schedule.

Changjagang Power Station Increases Production

SK0107032995 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 30 Jun 95

[FBIS Translated Text] Electricity producers of Changjagang power station overfulfilled the second quarter target for electricity production.

During the period of fulfilling its plan, electricity producers here, who are well aware of the significance and importance of electricity production in implementing the party's revolutionary economic strategy, carried out without fail the daily and monthly electricity production targets before them.

In particular, while managing well the facilities for power generation, which the great leader and the dear comrade leader looked over, they are raising hydraulic

turbine efficiency to the utmost according to the demand of the technology regulations, thus they produced more electricity with a small amount of water.

Najin-Sonbong on Law-Abiding Indoctrination

SK0307114395 *Pyongyang MINJU CHOSON*
in Korean 6 Jun p 3

[Article by An Yong-sop]

[FBIS Translated Text] The great leader Comrade Kim Chong-il indicated:

The law-abiding indoctrination system established by the party should be properly enacted; particularly, the role of legal guidance personnel should be enhanced.

The Najin-Sonbong Municipal People's Committee is vigorously carrying out the movement to win the title of the exemplary law-abiding city. The city is placing emphasis on the law-abiding indoctrination for the working people and residents. The city is highly displaying the self-conscious law-abiding ethos.

Under the guidance of the municipal party committee, the municipal people's committee renewed the resolution goal to win the title of the exemplary law-abiding city in accordance with the new circumstances of the city, and is steadily carrying out the organizational and political work for achieving the new goal.

To strengthen the law-abiding indoctrination, the committee is paying attention to the work of legal guidance personnel, who are the active defenders and propagandists of the law and who are directly in charge of the law-abiding indoctrination.

The committee is effectively using the legal guidance personnel's day in working with the legal guidance personnel.

On the legal guidance personnel's day, the committee gives lessons on the original text and interpretations, and normalizes the work to penetrate the state laws, decisions, and instructions to strongly arm the legal guidance personnel with the law ideology and theories.

The committee prepares speech data on the law interpretations and lectures for the legal guidance personnel to lead them to properly indoctrinate the law-abiding spirit to working people.

On the legal guidance personnel's day, the committee also prepares testimonial speeches by the exemplary legal guidance personnel to generalize their experience in the law-abiding indoctrination.

Particularly, the functionaries of hourly paid organizations are working outstandingly in indoctrinating the working people.

The committee provides the functionaries of hourly paid organizations with speech data for explaining and propagandizing judicial affairs and makes it a normal practice for them to explain and propagandize judicial affairs every time they visit the concerned units.

The committee ensures all units actively carry out the law-abiding indoctrination in various forms and methods.

The units strengthen the law-abiding indoctrination for the working people by installing various visual aids for explaining and propagandizing judicial affairs.

As a result, Najin Soy Sauce Plant, Najin Chemical Daily Necessities Plant, and some 80 units were recently registered as the exemplary law-abiding units.

Upholding the slogans of the party Central Committee, the municipal people's committee continues to vigorously carry out the work to enhance law-abiding enthusiasm so that all residents in the city always work and live according to the demands of the laws and regulations.

Socialism Displays 'Creativity of Masses'

SK0207090495 *Pyongyang Korean Central*
Broadcasting Network in Korean 0938 GMT 1 Jul 95

[Unattributed talk: "Our Country's Socialist System is Vital System That Highly Displays Creativity of Masses"]

[FBIS Translated Text] Creativity is one of the intrinsic characteristics of the popular masses. The popular masses can live according to their intrinsic characteristics only if they highly display creativity. A social system should highly display creativity of the popular masses so that it can become the superior system, as well as a vital system with a great power that satisfies the intrinsic nature of social human beings.

The popular masses' creativity cannot be displayed by itself. The social system works greatly in highly displaying the popular masses' creativity. The degree of display of the popular masses' creativity can be defined depending on the progressiveness of the social system. Also, the social system's vitality can be defined depending on the degree of the display of the popular masses' creativity.

The great leader Comrade Kim Il-song taught: Through their lives, our people have keenly felt that the socialist system is the most people-oriented system that guarantees the position of the popular masses as the masters of the state and society, as well as the most vital system that enables them to fully display their boundless creativity.

Our country's socialist system displays the popular masses' creativity to the maximum. There was no other time like today in which our people are freely glorifying their wisdom and talent and in which they have a great power that can remake nature and society. The reason for our country's socialist system displaying the popular masses' creativity to the maximum is, first, related to the situation in which the leader, party, and the masses are firmly united as one life.

The popular masses' creative might lies in organization and unity. The popular masses who fail to be united cannot become creative beings nor display a great might. Unity enables us to display the great might that cannot be parallel to the mathematical total of individual members who constitute the masses.

Our people have achieved the most consolidated unity and cohesion. There is nothing other than the firm unity of a unified body in which the leader, party, and masses are firmly united as one life. Our people regard the leader's intent and the party's policy as the demands of their life and, also, are devotedly struggling to achieve it. What the party and the leader demand, we will do. This is a unified and consolidated appearance of our people, as well as their struggling spirit.

The revolutionary will of our people who are united as one, as well as their invincible struggle to unconditionally and endlessly realize the party's and the leader's intent, become an indomitable might, enabling us to overcome any difficulties and trials and to achieve great success in socialist construction.

Another reason for our country's socialist system displaying the popular masses' creativity to the maximum is that the revolutionary work method and style are being thoroughly established among our functionaries. The work method and style of functionaries play a great role in highly displaying the popular masses' creativity. The popular masses' creativity is an expression of creativity. Their creative wisdom and talent can be highly displayed by their determination and enthusiasm to do everything in a creative manner. We cannot fully use our existing wisdom and talent if we do not have the determination and courage to do so.

The creativity of the masses greatly depends on the work methods and style of the functionaries. The masses take charge of and conduct the revolution and construction under the leadership of the party and under the guidance of functionaries. The work methods and style of functionaries greatly affect the determination, enthusiasm, and fighting spirit of the masses. Subjectivism and bureaucratism are the unique antipopular ruling method of an exploiting society and are far from the nature of socialism. Thus, subjectivism

and bureaucratism are not allowed in a socialist society where the popular masses are the master of the country and society.

Particularly in a socialist society, cadres are not bureaucrats who reign over the people, but the messengers of the people. The collapse of socialism in many countries is related to cadres who abused power and indulged in bureaucratism. In order to defend and advance socialism, we cannot overlook the slightest sign of power abuse and bureaucratism. An uncompromising struggle must be waged to overcome bureaucratism.

The great leader always hoped in his lifetime that leading workers will oppose subjectivism and bureaucratism and will adopt a work method and style that actively inspires the revolutionary enthusiasm and creativity of the masses. Upholding the lifetime teaching of the great leader, our leading workers always become involved with the masses, breathing the same air with them, enhancing their struggle motive, and actively developing their wisdom and talents. Particularly, by thoroughly implementing the Chongsalli spirit and Chongsalli method, and the Taean work system created by the great leader, our leading workers are free from the old work methods and style and are actively promoting the creative wisdom of the masses.

Our country's socialism maximizes the creativity of the popular masses because the work to scientifically and technologically arm the popular masses is being vigorously carried out. The creativity of the popular masses is guaranteed by science and technology. Science and technology are a mighty weapon for reforming and developing nature and society. The popular masses must acquire science and technology in order to reform and develop nature and society in accordance with the development principles.

Science and technology are being ceaselessly developed in our country. Our people acquire modern science and technology to their content. Science and technology for the masses is improved through education. In our country, the superior educational system is rapidly developing the science and technology standard of our people. Our country adopts a general 11-year compulsory education system. Everyone receives compulsory school education without paying a penny until they reach working age. People acquire science and technology knowledge to their heart's content in colleges, libraries, and study rooms spread across the country.

Creative cooperation between scientists, technicians, and workers is strengthened in order to rapidly improve the science and technology standard of the masses in the practical struggle of socialist construction. Our country is glorified by the superior social system that maximizes

the creativity of the masses. With the great pride and self-esteem of living and carrying out the revolution in the most superior socialist system, we should vigorously wage the struggle to further prosper our country and fatherland.

South Korea

Sea Apex Captain Expresses 'Indignation'

*SK0107020395 Seoul THE KOREA TIMES in English
1 Jul 95 p 2*

[FBIS Transcribed Text] Skipper Kim Ye-min of the "Sea Apex" freighter which returned to Pusan yesterday after transporting 2,000 tons of rice to the North Korean port of Chongjin, expressed indignation over being forced to fly the North Korean flag.

He claimed that the North's action undermined South Koreans' humanitarian considerations to help their North Korean compatriots suffering from rice shortage.

Following is an interview with skipper Kim.

Question: Who forced you to lower the South Korean national flag?

Answer: When the Sea Apex arrived at the pilot station of the Chongjin Port at 4 PM Monday, a North Korean pilot demanded we lower the flag and fly the North Korean flag. But I refused to follow the instructions because it is against international practices.

Q: Why did you lower the South Korean flag?

A: As we resisted the pilot's instructions, the chief of the Chongjin Port boarded the ship along with those from customs clearance and quarantine offices and ordered us to raise the North Korean flag. As we continued to resist, the port administrator threatened the safety of the crew including me. So we had no option but to lower the South Korean flag and raise the North Korean flag.

Q: Did the pilot say anything about the action?

A: He said he was sorry for it, saying that it was inevitable due to (North Korean) regulations.

Q: How did you feel about such action?

A: As captain of the freighter which transported rice to the North Korean compatriots, I lost pride all of sudden and felt humiliated.

Q: If you are again instructed to engage in the rice supply mission?

A: I don't want to go there again.

Q: Tell us about the North Korean port facilities.

A: There were two old-fashioned cranes in the Chongjin Port. Both of them were aged. About 60 North Ko-

rean workers unloading bags of rice looked fragile. It required two North Korean workers to move a 40-kilogram bag of rice which a single South Korean worker is able to move alone.

Q: I heard that you went ashore two hours.

A: I went ashore with 13 crewmen at 6:30 PM and took a bus along with three North Korean officials to go to the Chonmasan Hotel about 100 meters away from the port. We had dinner on the second floor of the hotel.

Q: Did you talk with the North Korean officials while having dinner?

A: We only talked about food. In the vicinity, surveillance people were watching us. But they were mostly kind to us.

Q: When did you start unloading the rice?

A: The unloading process started at 8:30 AM Tuesday and ended at 10:45 AM Wednesday. Several soldiers were watching us and tried to dissuade us from talking with the North Korean workers.

Q: Did you take photographs?

A: We couldn't think of taking pictures. As soon as we reached the Chongjin Port, all telecommunications and observation equipment including binoculars and radio equipment were sealed and stored at the communications room.

Q: How could you contact your firm?

A: I could contact my firm through KOSA, a North Korean maritime transportation agency.

Q: How did you proceed toward North Korea after crossing the Demarcation Line?

A: Out of safety reasons, we headed northward along a path 35 miles away from the coast.

DPRK 'Authority' Sends Letter of Apology

*SK0107013795 Seoul KBS-1 Radio Network
in Korean 0100 GMT 1 Jul 95*

[FBIS Translated Text] It has been learned that North Korea sent South Korea a letter of apology signed by Chon Kum-chol [chief of the North Korean delegation to the rice talks and vice chairman of North Korea's Asia-Pacific Peace Committee] for forcing the South Korean ship Sea Apex carrying rice from South Korea to raise the North Korean flag. A government official concerned stated that North Korea sent South Korea a letter of apology signed by an authority [tanggugja] regarding North Korea forcing the Sea Apex to raise the North Korean flag, saying: Concerning this, the

government's official position will be determined this morning.

Seoul Decides To Resume DPRK Rice Shipments

*SK0307100695 Seoul YONHAP in English
0948 GMT 3 Jul 95*

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — The South Korean Government Monday afternoon formally decided to resume shipping rice to North Korea shortly.

Rice shipment to North Korea was suspended after North Korea forced the South Korean freighter that reached one of their ports carrying rice, to hoist the North Korean flag in breach of the Beijing South-North agreement.

South Korea earlier agreed to provide 150,000 tons of rice to North Korea for free to help the North surmount its current serious food difficulty.

"We have examined and decided to accept the written apology offered by Chon Kum-chol, advisor to the North's Committee for the Promotion of External Economic Cooperation, over the flag incident," Vice Unification Minister Song Yong-tae said.

Emerging from a strategy meeting chaired by Deputy Prime Minister Na Ung-pae, Song said the government would soon order the resumption of all steps related to the shipment of rice to North Korea, such as hulling, packing, loading and shipment.

The rice-carrying vessels which have been made to turn around on their way to the North and have returned to South Korean harbors will soon be ordered to leave again for North Korea, he said.

A government source said the government decision would be notified to North Korea through the Korea Trade Promotion Corp. (Kotra) and vessels laden with rice will set sail as soon as the North informs the South of their readiness to receive rice.

Vice Minister Song said, however, that due to the recent incident, it is unavoidable to reset the rice delivery schedule.

"The delivery of the 150,000 tons of rice, originally set for completion by Aug. 10, will have to be delayed for a duration equivalent to the current setback," Song said.

The vice minister said the verbal agreement reached during the recent Beijing talks that freighters carrying rice to North Korea would not use the flags of either side during their anchorage at North Korean harbors will continue to remain in force.

"There will be concrete talks between Kotra and the North's Samcholli General Corp. in Beijing to determine the exact point from which rice-carrying ships would not hoist any national flags," he said.

The strategy meeting was attended, besides Na and Song, by Agriculture, Forestry and Fisheries Minister Choe In-ki, Construction and Transportation Minister O Myong, Vice Finance and Economy Minister Yi Sok-chae and Maritime and Port Administrator Kim Chol-yong.

Flag Incident, Resumption of Rice Aid Discussed

*SK0307062195 Seoul HANGUK ILBO in Korean
3 Jul 95 p 3*

[Article by reporter Ko Tae-song: "Background of North Korea's Official Apology Over the Hoisting of the 'People's Republic Flag' and Prospects"]

[FBIS Translated Text] The incident in which North Korea forced the Sea Apex to fly the People's Republic flag, which caused the ROK to suspend rice assistance to North Korea, has now been closed as North Korea officially apologized, an extraordinary gesture.

The ROK Government plans to announce the resumption of rice assistance to North Korea this week in the belief that the official apology from Chon Kum-chol, advisor to the North Korean Committee for the Promotion of External Economic Cooperation, has met our demand. The government previously demanded that Chon Kum-chol, the signer of the rice agreement reached at the Beijing negotiations, make a policy, saying that it was difficult to consider the Samcholli General Corporation's apology for the forced hoisting of the People's Republic flag to be an official apology. It took a resolute measure to call back to the ROK the three boats loaded with rice for North Korea.

ROK Government officials state: In a significant departure from its past practices, North Korea readily apologized after accepting our demand. This shows that North Korea is in an urgent situation that compels it to receive rice from the ROK and that the North Korean food situation is more serious than we have thought.

North Korea will not be able to receive 150,000 tonnes of rice from the ROK unless it apologizes. North Korea is in urgent need of 150,000 tonnes of rice, given its serious food shortage. Also, unless North Korea apologizes, the prospects for further rice negotiations, which will resume in mid-July, will be clouded. On top of that, if ROK rice assistance is delayed, Japan's rice assistance may also be delayed.

North Korea faces a very urgent food problem with the first anniversary of Kim Il-song's death, 8 July, just

around the corner. North Korea experts say that if rice arrives later, this will cause problems for the memorial service for Kim Il-song, adding that North Korea has almost used up the 450,000 tonnes of reserve rice at the funeral service for Kim Il-song and subsequent memorial services.

The main points of the North Korean official apology signed by Chon Kum-chol, which was disclosed by the National Unification Ministry, are two sentences: "I express my regret for the fact that a disagreeable incident has taken place because low-level officials made a mistake in handling the affairs" and "I assert that the two sides should ensure that similar incidents will not take place."

The first sentence concerns an apology, and the second a pledge to prevent similar occurrences. Some people point out that whether the North Korean apology is sufficient is doubtful because North Korea did not specifically say a disagreeable incident refers to the forced hoisting of the People's Republic flag; and by using the expression "the two sides," North Korea indicated the two sides were responsible.

Others point out that a verbal agreement, not a written agreement, was reached in Beijing because our side made hasty efforts in the negotiations.

Others also point out that the current episode concerning the flag issue is a repetition of North Korea's "hit-and-run" tactic.

However, government officials generally believe that it need not take issue with whether the apology is sufficient or not or what phrases were used in the letter because it decided to provide rice to North Korea unconditionally out of compatriotic love. They said that we should watch the North Korean attitude after resuming rice assistance.

What made those government officials assume such an attitude is the fact that some people considered the government's decision to call back the boats headed for North Korea to be a hasty reaction.

The flag incident has been closed as North Korea readily made an official apology. However, it has provided us with an opportunity to again realize that there are numerous obstacles on the way toward improving North-South relations.

Dailies View Reaction to DPRK Flag Incident

SK0207073295

[FBIS Editorial Report] The following is a compilation of editorials and an article carried in the 2 July Seoul vernacular dailies regarding the incident in which North

Korea forced the ROK vessel Sea Apex, transporting the first batch of rice to Chongjin Port in North Korea, to hoist the North Korean flag.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "'Rice' Is Also Unreliable." The editorial writes that the Sea Apex, loaded with rice that arrived in Chongjin Port, was "humiliated" for being forced to lower the ROK flag and hoist only the North Korean flag. It criticizes the government for not taking prudent measures regarding the North's true intentions, instead being dragged along by North Korea. The editorial continues to write that the rice agreement itself was concluded in haste, thus causing all kinds of problems. It further notes the people's prevailing view that nothing worthwhile was achieved in providing rice to North Korea, and states that a meeting with the North's negotiators must again be held to clarify matters and take subsidiary measures. The editorial concludes by saying decisions on South-North matters must not be unilaterally made by the government.

The moderate KYONGHYANG SINMUN carries on page 3 a 700-word editorial entitled "An Earnest Attitude Toward the North Is Lacking." The editorial says it is fortunate that the transport of rice to North Korea, which was on the verge of suspension, has resumed; the government must deeply contemplate this matter with prudence, in particular how the people overseeing the moves made by the government regard this matter. The editorial goes on to state that many view North Korea's arrogant and self-indulgent acts as a result of the ROK Government's "lukewarm attitude" toward the North. It stresses that in negotiations with North Korea, the government must establish a clear principle trial and error will not be repeated. The editorial offers three principles: first, in all negotiations with the North, the government must show a more earnest attitude; second, the government must not make haste in carrying out its policy toward the North; and third, in future negotiations with the North, including the second round of rice talks, it is desirable for the National Unification Board to take a direct part. The editorial concludes by asking the government to deeply self-examine its policy toward the North.

CHUNGANG ILBO on page 4 carries a 600-word article by reporter Kang Yong-chin on the significance of why North Korea apologized for forcing the ROK ship to hoist the North Korean flag. The article begins by saying North Korea unprecedentedly sent a prompt apology in the name of the authority concerned regarding the forced hoisting of the North Korean flag on the Sea Apex, speculating that the reason indicates North Korea's food shortage is very acute and Pyongyang fears this incident may cause setbacks in rice aid from Japan.

Another reason is that, if rice aid is suspended, North Korea may have to reexamine the schedules for the upcoming events marking the first anniversary of Kim Il-sung's death, the Supreme People's Assembly meeting, and the October events for the 50th anniversary of the founding of its Workers Party of Korea. The article concludes by saying since North Korea apologized for this incident, and since the government already decided to provide rice to North Korea from a humanitarian point of view, the government will not expand this incident any further.

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial entitled "Rice Aid and the Repercussions of the 'North Korean Flag'." The editorial starts by saying the acts by both South and North Korea regarding the flag incident were truly disappointing. It criticizes North Korea for carrying out such an eccentric act, which is not understandable by any means, and adds that the ROK Government's response regarding this matter was also unreasonable. The editorial stresses that South-North relations cannot be solved properly if there is no yardstick in the government's policy toward the North, noting that to successfully promote South-North relations, the government must reexamine this incident. The editorial concludes by emphasizing that small barriers in South-North relations should be removed and opportunities to achieve progress must be provided.

KEDO, DPRK Contacts Not Going 'Smoothly'

SK0207022695 Seoul MAEIL KYONGJE SINMUN in Korean 2 Jul 95 p 2

[FBIS Translated Text] It was learned on 1 July that in accordance with the 13 June agreement to provide North Korea with light-water reactors resolved at the DPRK-U.S. semi high-level talks, the Korean Peninsula Energy Development Organization [KEDO], which is being initiated by the ROK, the United States, and Japan; and North Korea are holding unofficial contacts to conclude the agreement on supplying North Korea with the light-water reactors.

A government official said that under KEDO's plan to conclude the agreement with North Korea at least by late this year, it is holding unofficial contacts with North Korea before concluding an official agreement.

This official, however, also said that the unofficial contacts between KEDO and North Korea are not being carried out smoothly because North Korea is making various demands related to the provision of expenses for light-water reactor subsidiary facilities amounting to about \$1 billion, which was highlighted as the greatest

point of issue in the process of settling the light-water reactor issue.

DPRK-PRC Relations Reportedly Cooling

SK0207032295 Seoul TONG-A ILBO in Korean 2 Jul 95 p 12

[FBIS Translated Text] Quoting a Chinese Government official, ASAHI SHIMBUN reported on 1 July in a dispatch from Beijing that relations between North Korea and China are cooling as time passes.

ASAHI SHIMBUN reported that China rebelled against North Korea's strong criticism of China for recognizing "private ownership" in Kim Chong-il's recent treatise, and that regardless of North Korea's food shortage, China is limiting exports of foodstuffs to North Korea.

A Chinese official conveyed that the number of residents in the Yanbian Korean Autonomous Prefecture of Jilin Province visiting relatives in North Korea has greatly reduced this year. China is also dissatisfied with North Korea because it allowed Taiwan's legislative members to take part in the "International Sports and Cultural Festival for Peace" that was held in North Korea in April.

Officials Discount U.S. Threat To Revoke MFN

SK0307014295 Seoul THE KOREA TIMES in English 3 Jul 95 p 9

[Article by Yi Chang-sop]

[FBIS Transcribed Text] The United States threatened to revoke most-favored-nation (MFN) privileges for "free rider" nations, those which take advantage of open markets without opening their own as the nine-year-old multilateral financial services talks broke down last week.

Seoul officials don't expect the United States to include Korean financial institutions in the U.S. from the threat.

Even if Korean financial firms in the U.S. are denied the MFN privileges, it would not be devastating to them as is widely perceived, they said.

Korean financial institutions in the United States will seek little tangible disadvantages as they are already suffering from sluggish business there. Furthermore, the MFN exemption is applied only to firms planning to expand their U.S. operations.

They warned that Seoul may match Washington's action to take away MFN benefits from American financial institutions here, including Citibank, which are enjoying booming business in Korea.

The end result may be a definite minus for American financial institutions. Regardless of the U.S. threat, Korean financial firms in the United States may not see any meaningful improvement or deterioration in their business opportunities, they said.

But these government officials said there is little possibility that Washington may target Korea because Seoul has played a model role in the multilateral financial market-opening talks.

The United States is also under fire for refraining from signing the agreement and continuing the MFN exemption, analysts here said. Washington has not made any concessions on any issues of vital concern to Korean financial firms in the United States.

In the Geneva talks, Seoul asked the United States to simplify its cumbersome and duplicate licensing requirements and allow Korean banks in Chicago to locate branches in the central area. Seoul also complained that such U.S. states as Alabama and Florida maintain so-called port of entry requirements barring Korean insurers from entering the American market.

U.S. officials said many of Korea's request are linked to prudential regulations, adding that the federal government is unable to dictate to the state governments to accommodate the Korean requests.

Korea is not responsible for the breakdown of the nine-year-old negotiations over the opening of the global financial services market, a government official said.

Yon Won-yong, director general in charge of international finance affairs at the Ministry of Finance and Economy, said that Seoul made an additional offer last week to ensure the success of the negotiations, which have been under way at the initiative of the World Trade Organization [WTO].

He refused to specify what new concessions Seoul made but sources said Korea promised to introduce the professional insurance brokerage system, with commitment to allow foreigners to set up financial subsidiaries.

Yon said Korea tried to set a model role in the talks as it seeks to join the Organization for Economic Cooperation and Development and due to high expectations the United States and the European Union have on Korea's financial market.

According to analysts here, Korea has not much to lose due to the failure of the multilateral talks. Regardless of the breakdown, Seoul will continue to open and liberalize the financial market either on or ahead of schedule, government officials said.

Following the rupture of the negotiations, Washington is expected to seek bilateral negotiations with 30 WTO

countries, mostly Asian and Latin American countries. Washington may call on Korea to resume bilateral negotiations but Seoul has not angered major WTO members, including the United States and the European Union.

The Uruguay Round signers agreed to extend financial service negotiations until June 30. June 15 was the deadline for countries to submit their final offers to open their financial services market, which including banking, securities industry and insurance.

The U.S. has been unhappy with offers from foreign countries and has taken an exemption which allows it to negotiate bilateral agreements with countries to open their financial services market.

Store Deaths Reach 108; Relief Team Planned

*SK0307031295 Seoul YONHAP in English
0254 GMT 3 Jul 95*

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — The government decided to form a special relief team as well as expand the capabilities of the current fire department on Monday in an effort to improve the country's emergency relief system that copes with disasters.

Prime Minister Yi Hong-ku presided over a related ministers meeting to discuss the forming of the permanent relief team.

The meeting discussed ways to deal with the aftermath of the Samping Department Store collapse and strengthen the emergency system used to cope with disasters in one of the government's reform measures.

Ministers decided to push ahead with measures to secure the budget and personnel needed to handle the aftermath of the department store's collapse at the regular session of the National Assembly slated for September this year.

They also discussed the enactment of a calamity control law, which will make it the duty of the central government as well as local self-governing bodies to provide urgent disaster relief.

The law is expected to reinforce the personnel, equipment and telecommunication networks of the central government as well as local self-governing bodies.

Meanwhile, the Seoul city government reported to the meeting that the death toll of the department store collapse reached 108 as of 5:00 AM [2000 GMT] Monday, while those injured total at least 894, including 250 severely wounded, while the number of missing was estimated at 354 as of midnight Sunday.

Store Not Subject to Inspection During Building

SK0307082995 Seoul YONHAP in English
0805 GMT 3 Jul 95

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — The joint prosecution-police team looking into the collapse of the Sampung Department Store which occurred last Thursday found Monday that the department store during construction had not been subjected to any civil engineering inspections between July 1987 and November 1989, in violation of related local construction laws.

Under the laws, construction should have been supervised by a resident inspector throughout the work period at the expense of the Sampung Construction Co., the prime contractor of the project, but the prime contractor did not pay any civil engineering inspection fees to Uwon Construction Office (director Im Hyong-chaе) during the entire construction period even though it was responsible for the inspections.

The joint investigation team is questioning five Seoul city officials related to the store's construction to determine how the store got the city's approval for design changes, use changes and provisional use of the building before the final inspection approval was granted. Among the five officials being investigated are Kim O-song and Chong Chi-hwan who worked at the construction section of the Socho Ward Office which has administrative control over the department store's construction.

Meanwhile, the prosecution has formed a technical team of four experts, including structural engineer So Hyong-sok of the Korea Housing Corp., to investigate the cause of the collapse.

DLP 'Shaken' by Election Defeat, Store Collapse

SK0307012095 Seoul THE KOREA TIMES in English
3 Jul 95 p 2

[Article by Pak Song-yong]

[FBIS Transcribed Text] After suffering a humiliating defeat in the local elections held last week and being rocked by the collapse of a luxury department store, the ruling Democratic Liberal Party [DLP] is now being shaken to its core as its main officeholders are tendering resignations and lawmakers move to bolt the party.

What is worsening the situation is that the party led by President Kim Yong-sam is trapped in dispute over what caused its defeat in the local polls and how to reorganize itself.

President Kim and his close aides originally attributed the DLP's defeat to regional antagonism which they say was agitated by former opposition leader Kim Tae-

chung and Kim Chong-pil, president of the splinter opposition United Liberal Democrats [ULD].

Kim himself said one day after the election that no Cabinet member or party leader will be held accountable for the poll defeat, adding, "No one even thinks of tendering resignation."

But the collapse of Sampung Department Store last Thursday poured cold water on such a "loose" attitude in coping with post-election political situation.

Due to the Sampung disaster, President Kim canceled a planned statement warning the two Kims against taking advantage of regionalism and promising that he will achieve a generational change in the nation's political leadership while in office.

Despite President Kim's instruction no one tender resignation, DLP Chairman Yi Chun-ku expressed his intention to resign from the No. 2 position in the party during a closed-door meeting with the Chief Executive.

Though Yi's resignation was turned down, his associates said that Yi will not change his mind as he believes that resigning as DLP chairman is the only way to take responsibility for the defeat in Tuesday's polls.

Earlier, Reps. Pak Yong-su and Yi Chae-hwan delivered their resignations as chiefs of the party's Kangwon Province and Taejon city branches respectively, assuming responsibilities for the party's defeat in the gubernatorial and mayoral elections.

Their move was followed by Rep. Yi Sung-yun, top policy-maker of the party, and Rep. Choe Chae-uk, chairman of the party's planning and coordination committee.

Political observers said the driving force of this series of DLP officeholders' resignation is not their responsible attitude but their differences with President Kim's followers over their understanding of the current political situation and concern about their political future.

Those who tendered their resignations or expressed their intention to do so including Chairman Yi are followers of former President No Tae-u, called the "Minjong" faction. The current DLP was born as a result of three-party merger between President Kim, No and ULD leader Kim.

The ULD's Kim was chairman of the ruling party until he was kicked out the party.

Except for a few of Kim's followers, called "Minju" action, most party post holders believe they suffered the setback in the local elections because as Chairman Yi put, the people have turned their backs on the governing party.

A lawmaker from Kyongsangpuk-to Province, where DLP candidates were defeated by independent candidates, complained that the members of the Minju faction do not show any attitude to assume responsibility for the results of the elections, all strategies of which were decided by them in reality.

"But five candidates from their faction were elected in special city mayor and gubernatorial polls. And after the elections, they are urging a generational shift in politics, which seems to be aimed at Minjong faction members," he said on condition of anonymity.

A novice lawmaker from Chungchongnam-to Province, where all local posts were swept by the splinter ULD, said, "If the current situation goes on like this, there is almost no possibility of the party winning a seat in next year's general elections."

However, he contended, the party leadership continues to say that they were only local elections and their outcome will have little impact on the National Assembly election slated for next April.

President Kim and his followers seem to realize how serious the current mood is both inside and outside of the ruling DLP, observers said.

On Friday, a party report was delivered to Chongwadae, the presidential office, which analyzed that the people's ever increasing disappointment at the government and its party, not regionalism, was the main cause of the DLP's defeat.

There is a growing belief that as soon as the Samping disaster was settled, an overall reshuffle of the Cabinet and party is inevitable. Even Chongwadae staffers raised the possibility of the reshuffle, saying that there is no option.

Admits 'Devastating' Defeat

SK0307025495 Seoul YONHAP in English
0231 GMT 3 Jul 95

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — Ruling Democratic Liberal Party [DLP] Secretary General Kim Tok-yong Monday described the government party's defeat in last Tuesday's local elections as "devastating" for the first time as a key leader of the ruling camp.

Kim told a regular monthly session of the DLP secretariat, "We suffered a devastating defeat in the latest elections. We must admit the fact frankly and accept what the citizens want of us with humbleness...We must take it seriously that the people don't place trust in us and that the party isn't enjoying public support any more."

Just before addressing the monthly meeting, Secretary General Kim told reporters, "Based on the election outcome, we do feel the need to reflect and realign ourselves. We are studying views coming from various walks of life."

It is not clear, however, if Kim's admission of the devastating defeat and his analysis of the election outcome will lead to a restructuring of the ruling camp.

Kim also told the meeting, "It is not the reform itself that we are promoting, but our attitude in pushing the reform because the people find fault with us. We became arrogant in the course of carrying out the reform, failing to accommodate public opinion, and as a result brought about criticism."

"We should accommodate public opinion humbly and resume promoting the reform in a manner that corresponds to public opinion," Kim emphasized. "This, I think, is the message the citizens want to convey to us through the elections."

Parties Shows Restraint in Criticizing Government

SK0307001895 Seoul THE KOREA TIMES in English
3 Jul 95 p 2

[FBIS Transcribed Text] Opposition parties toned down their criticism of the government in connection with the collapse of Samping Department Store, apparently mindful of the fact that they can be in the same shoes now that their parties have taken over the helms of local administrations.

They have apparently refrained from issuing critical commentaries on the responsibility of the government for the man-made disaster.

Rep. Pak Chi-won, a venom-tongued spokesman of the main opposition Democratic Party (DP), did not issue any statement lashing out at the government after the tragedy happened, in sharp contrast to former statements calling for the stepdown of Cabinets and directly mentioning the responsibility of President Kim Yong-sam for such mishaps as the Songsu Bridge collapse and the gas explosion at a Taegu subway construction site.

All he said officially was an appeal to the government for the swift rescue of the victims and a show of respect for rescue workers and volunteers for their "heroic deeds" in the excavation work.

In the wake of the Taegu mishap, Pak demanded the Cabinet resign.

The change of attitude clearly results from the fact that those responsible for taking care of rescue and relief measures for the victims and other safety steps that

should be taken in its wake will be none other than new Seoul Mayor Cho Sun and other officials from the party.

An Song-yol, spokesman of the United Liberal Democrats (ULD) was rebuked by party president Kim Chong-pil for issuing a statement blaming President Kim and the ruling Democratic Liberal Party for the disaster.

The ULD head said that it is inappropriate for oppositionists to criticize the President and his administration for the mishap as "everyone in Korean society is responsible for the man-made disaster."

"If we hold the Chief Executive accountable for every accident, no President will be able to stay until the end of his term," said Kim, whose party won three gubernatorial and one metropolitan mayoral seats in the June 27 local elections.

DP and ULD officials said that such an accident can happen in any cities and provinces, which may be under their control and that is why they are showing restraint in denouncing the government for the tragic mishap.

Local Administrations Begin Three-Year Terms

SK0307012395 Seoul THE KOREA TIMES in English
3 Jul 95 p 2

[FBIS Transcribed Text] Full-fledged local autonomy set sail Saturday with 245 chiefs of large and small administrative units taking their oaths to begin their three-year terms.

New Seoul Mayor Cho Sun canceled his inauguration ceremony because of the collapse of Samping Department Store which claimed hundreds of lives.

On his first day in office, Cho was busy directing rescue and relief efforts for victims of the nation's worst man-made disaster.

Inauguration ceremonies of Seoul ward chiefs and other local administration heads were low key apparently due to the tragedy.

Most new administration chiefs called off post-inauguration festivities.

In inauguration speeches, the administration chiefs, elected through popular vote instead of being appointed by the Chief Executive for the first time in 34 years, elaborated on their ambitious plans for regional development.

Instead of making an inaugural speech, Seoul Mayor Cho held a press conference at site of the disaster, pledging that his administration will strengthen safety

checks of large buildings and other facilities used by a large number of the people daily.

Cho also visited hospitals where those injured in the collapse were receiving treatment.

Yi Eui-kun, new governor of Kyongsangbuk-to, said in an inaugural speech that he will exert every effort to become a governor who is loved and trusted by provincial residents.

New Kyonggi Governor Yi In-che asked for cooperation from city mayors and county magistrates in the province for regional development. A majority of local administration chiefs are without political party affiliations or from opposition parties.

"The relationship between the governor and lower administrative unit chiefs is not one that is merely based on administrative hierarchy. Every local administrator has his or her proper role in local autonomy," Yi said.

After his inauguration, Yi visited the collapsed Samping Department Store in southern Seoul and donated 30 million won to the disaster relief headquarters.

Cheju Governor Sin Ku-pom declared the inauguration of the "Cheju Corporation" in his inaugural speech, pledging that he will open an era of a "10 billion-dollar Cheju economy" by 2001.

Pusan Mayor Mun Chong-su asked city officials to be born again as "real servants of the citizens" in an inauguration ceremony at Pusan City Hall.

Taegu Mayor Mun Hui-kap and Kyongsangnam-to Governor Kim Kyok-kyu, meanwhile, said in their inaugural speeches that they will appoint a vice mayor and a vice governor through open competition, respectively.

Chungchongbuk-to Governor Chu Pyong-tok said that he will not appoint a vice governor who would be in charge of political affairs.

In his inaugural speech, Incheon Mayor Choe Ki-son pledged to push ahead with a clean-up drive and develop the port city into a center of international trade and information.

The inauguration of Hong Song-ki, new Taejon mayor, was televised live by local Taejon TV, the first time it has been done for a local administrator.

Profiles of 14 New Mayors, Local Governors

SK0107101095 Seoul CHOSON ILBO in Korean
28 Jun 95 p 7

[Biographical profiles of fourteen winners from the special mayoral and gubernatorial elections held on 27 June 1995]

[FBIS Translated Excerpt] Mun Chong-su, mayor of Pusan: Mun Chong-su was a key member of President Kim Yong-sam's men. Mun is known to be a man of cool courage with a strong sense of honor. Because of such a character, Mun is said to have many points similar to President Kim. His wife is a pharmacist, and his father is engaged in fisheries. [passage omitted]

Mun entered the political arena in 1967 by winning the So-ku constituency in Pusan, President Kim's constituency. Since then, Mun has spent his political life of 30 years under Kim Yong-sam. In 1985, he was elected in the 12th National Assembly elections in Pusan. He is a three-term lawmaker. [passage omitted]

Born in Pusan, Mun is 56 years old and a graduate of Kyongnam High School in Pusan and the Department of Political Science and Diplomacy of Korea University in Seoul. Mun served as a secretary for President Kim Yong-sam when the latter was the president of the defunct New Democratic Party [NDP] and later director of the General Affairs Bureau of the NDP. Mun also served as chairman of the Pusan Chapter of the defunct Reunification Democratic Party [RDP] and secretary general of the Democratic Liberal Party [DLP]. He was a lawmaker in the 12th, 13th, and 14th National Assemblies.

Choe Ki-son, mayor of Incheon: Choe was a student activist who joined the student resistance against the ROK-Japan normalization talks in 1965. Because of this, Choe graduated from the Law School of Seoul National University in 1973, 10 years after he entered. He worked at the Bank of Foreign Exchange, then entered politics in 1979 by becoming a public information officer for Kim Yong-sam, who was then president of the defunct NDP. [passage omitted]

Choe was elected in the general elections for the 13th National Assembly from Puchon, Kyonggi Province. However, he was defeated in the general election for the 14th National Assembly. Following this, he worked as an aide to Kim Yong-sam, the then-president of the RDP. He also served as deputy spokesman for the DLP under Kim Yong-sam.

Choe was appointed as mayor of Incheon in 1993 under the Kim Yong-sam regime. He resigned from the post as mayor of Incheon last September when the

tax embezzlement case involving Incheon city officials occurred. [passage omitted]

Born in Kimpo, Kyonggi Province, Choe is 50 years old and a graduate of the College of Law at Seoul National University. Choe served as a spokesman for the Consultative Council for the Promotion of Democracy, led by Kim Yong-sam and Kim Tae-chung. He also served as chief secretary to the president of the defunct Democratic Party, also led by Kim Yong-sam. Choe was elected a lawmaker in the 13th National Assembly, and served as mayor of Incheon.

Hong Son-ki, mayor of Taejeon: "I would like to extend the glory of my election to the citizens of Taejeon. I will do my best to enforce the local self-government system that will enjoy the support of the citizens and that will satisfy citizens." This was the first declaration the newly-elected mayor of Taejeon Hong Son-ki, who is from the opposition United Liberal Democrats, made when his election proved to be all but certain. [passage omitted]

Born from a family of Confucianism and having lived in Taejeon for generations, Hong Son-ki began his public career in Taejeon in 1961 as a low-grade clerk. He was promoted to the posts of mayor of Taejeon and governor of South Chungchong Province under his own efforts. [passage omitted]

Hong's family consists of a wife, Yi Yong-hui, age 54, plus one son and two daughters. He graduated from the Department of Economics at Chungang University in Seoul, then later served as chief of Asan County and Sosan County, as mayor of Taejeon, and as governor of South Chungchong Province.

Mun Hui-kap, mayor of Taegu: An economic expert who is stubborn and does things in a large way. Mun worked at the Economic Planning Board [EPB] since passing a state civil service examination in 1967. In the early 1980's, while reducing the national defense budget as the director of a division in charge of deliberating the state budget, Mun showed great drive and was told by an army general: "You deserve to be punished by a firing squad." [passage omitted]

Mun, 58, was born in Talsong, North Kyongsang Province. He graduated from Kyongbuk High School and the College of Law at Kungmin University; served as director of the EPB Budget Division, vice minister of the EPB, and senior presidential aide for economic affairs; and was a lawmaker in the 12th and 13th National Assemblies.

Song On-chong, mayor of Kwangju: [passage omitted] Born as a farmer's son, Song experienced extreme poverty, living in a rented room along with his mother

after his father died, while Song attended Kyongdong High School in Seoul. When Song attended the College of Law at Seoul National University, he suffered from a serious disease due to malnutrition. Song passed a state civil service examination after graduating from the university, and passed a state law examination while serving as a probationary assistant junior official at the South Cholla Provincial Office. After resigning as minister of communications, he completed a full course at the Judicial Research and Training Institute in February 1995, and since then has worked as an attorney-at-law. He has a wife, Pak Su-cha, as well as three sons and two daughters. Song is 58 and was born in Kohung, South Cholla Province. He served as mayor of Kwangju, in the government of South Cholla Province, and as minister of communication.

Yi In-che, governor of Kyonggi Province: [passage omitted] Those who are close to Yi say he values and thoroughly abides by principles, and is firm in his convictions. Asked to comment on being elected provincial governor, Song said: "I will devote myself during my term in office to making Kyonggi Province the best region in the country." [passage omitted]

Song, who is 47, was born in Nonsan, South Chungchung Province. He graduated from Kyongbok High School and the College of Law at Seoul National University, and worked as a judge and an attorney-at-law. He was elected a lawmaker to the 13th and 14th National Assemblies, and served as a spokesman for the RDP, as head of the DLP Policy Coordination Office, and as the minister of labor.

Choe Kak-kyu, governor of Kangwon Province: "There is no longer any regional conflict between Yongdong [eastern area of Kangwon Province] and Yongso [western area of the province]. Discrimination will never influence future reshuffles of government officials and land development policies." So said the governor-elect of the United Liberal Democrats [ULD] who transformed himself from the former deputy prime minister to the governor of Kangwon Province. [passage omitted]

Choe, who is 62, was born in Kangnung, Kangwon Province. He graduated from the Department of Political Science [as published] at Seoul National University and served as the minister of agriculture, forestry, and fishery; the minister of trade and industry; and the minister of the EPB.

Chu Pyong-tok, governor of North Chungchung Province: [passage omitted] Governor-elect Chu of the ULD particularly stressed that he will concentrate efforts to build the "great North Chungchung Province" as an art village that values traditional culture. Chu,

59, was born the son of a farmer in Umsong, North Chungchung Province, and worked for the police for 28 years.

He was appointed governor of North Chungchung Province in March 1990, but had to resign the position only six months after his inauguration due to his involvement in a scandal when a flood occurred in Tanyang. However, now he has come back to the same position in less than five years. He graduated from Chongju High School, the Department of Political Science and Diplomacy, and the Graduate School of Public Administration at Yonsei University. He also served as dean of the National Police College, a member of the Board of Audit and Inspection, the governor of North Chungchung Province, the head of the North Chungchung Provincial Council of the Democratic Mountaineering Association, and a permanent member of the National Police Commission.

Sim Tae-pyong, governor of South Chungchung Province: "I think putting into practice the commitments I made before the residents of the province is the only way to reward their support," said ULD Governor-elect Sim Tae-pyong. [passage omitted]

When he served as the 24th governor of South Chungchung Province from May 1988 until December 1990, Sim faced a critical moment due to the demonstration by residents of Anmyon Islet against the government's plan to build a nuclear waste dump on the islet; he worried lest this should exert a bad influence upon the gubernatorial elections. When he was head of the Administrative Coordination Division of the Prime Minister's office, he took the decisive measure of allowing the operation of karaoke rooms and bars. As a presidential aide for the administration, he handed the Sixth Republic over to a civilian government. [passage omitted]

Sim, 54, was born in Kongju, South Chungchung Province. He graduated from the Department of Economics at Seoul National University; passed the Fourth State Civil Service Examination; and served as the mayor of Tajon. [passage omitted]

Yu Chong-kun, governor of North Cholla Province: "I will certainly build an 'affluent North Cholla Province,' accepting the residents' intent in a humble manner." Governor-elect Yu said this and added: "I want to bring today's glory to sir Kim Tae-chung." [passage omitted]

After graduating from Korea University, Yu flew to the United States with 100 dollars in his pocket in 1970, obtaining a doctorate in economics at New York State University in three years. While he was a professor at New Jersey's Rutgers University, he served as an economics adviser to the New Jersey governor. [passage

omitted] He met Kim Tae-chung in 1983 for the first time, and became executive chairman of the "Rally For Urging the Safe Return of Kim Tae-chung." When Kim Tae-chung ran for the presidential election in 1987, Yu worked for him as his special aide in charge of making policies. Later, he was appointed chairman of the Democratic Party [DP] Public Relations Committee and secretary general of the Peace Foundation for the Asia-Pacific Region. [passage omitted]

Yu, 51, was born in Chongup, North Cholla Province. He graduated from the Department of Economics at Korea University.

Ho Kyong-man, governor of South Cholla Province: [passage omitted] Ho passed the Second State Law Examination and served as a prosecutor for seven years. After becoming an attorney-at-law, in 1980 he took the brief for Kim Tae-chung in the case of "Kim Tae-chung's involvement in a coup conspiracy." With this incident as momentum, Ho came to have a close relationship with Kim. He was appointed a lawmaker from the 10th to 15th National Assemblies. [passage omitted]

His motto is "Too much is as bad as too little." His hobbies are mountain climbing and paduk [oriental chess]. [passage omitted]

Ho, 57, graduated from College of Law at Songkyunkwan University and served as a prosecutor at the Kwangju District Public Prosecutors Office, floor leader of the Party for Peace and Democracy, co-chairman of the DP, and chairman of the Domestic and Foreign Affairs Research Institute.

Yi Ui-kun, governor of North Kyongsang Province: Born to a farmer, Yi began his public service career from the lowest echelon of the Taegu Municipal Office after finishing his second year of college. He was promoted consecutively through qualification tests, eventually as mayor of Puchon and Anyang. [passage omitted]

During the election campaign, Yi's contenders appealed to local emotion or slandered each other; however, Yi was a "gentleman" who concentrated on policy debate.

Yi called for unity to build a great North Kyongsang Province, saying: "Following the election, the people are divided. My priority is to conciliate the people and promote the morale of civil servants."

Yi, 57, was born in Chongdo, North Kyongsang Province. He graduated from the Economics Department at Yongnam University and served as the governor of North Kyongsang Province and the chief administration secretary in Chongwadae [presidential offices].

Kim Hyok-kyu, governor of South Kyongsang Province: Kim has a rather unique career. He was a businessman in the United States, but returned to Korea because of his relations with President Kim Yong-sam. A long-time public servant, he left for the United States in 1970 with \$1,000 and established Hyok Trading. He gathered wealth by selling belt pouches for travelers.

He met President Kim in the United States in 1985 when he headed two Korean-American associations, and helped with President Kim's democratization movement. He returned to Korea in 1991 to assist President Kim in the presidential election. Following President Kim's inauguration, he was appointed secretary of civil affairs in Chongwadae, and later governor of South Kyongsang Province. [passage omitted]

Kim, 56, was born in Hapchon, South Kyongsang Province. He graduated from the Administration Department at Pusan University and served as the secretary of civil affairs in Chongwadae as well as governor of South Kyongsang Province.

Sin Ku-pom, governor of Cheju Province: Sin reconfirmed that Cheju is strongly independent of political parties. His alleged violation of election laws in earlier campaigning was rumored to have originated with outside pressures, winning him sympathy votes. His alumni from Ohyon High School and fellow Presbyterians are said to have greatly contributed to his election. He promised to promote the tangerine industry and tourism in Cheju. In 1990, when he was director of livestock in the Ministry of Agriculture, Forestry, and Fishery, he opposed Pak Chol-on, then the real power who shifted the Korean Horse Affairs Association from the Agricultural Ministry to the Ministry of Sports and Youth. This put him under the surveillance of investigation agencies, and he had to spend a year at Georgetown University in the United States as a guest researcher. [passage omitted]

Sin, 53, was born in North Cheju County. He dropped out of the Korean Military Academy in his fourth year and passed the fifth State Administration Examination. He also served as a planner in the Cheju Provincial Office; as the training director at the Agricultural Civil Service Training Center; as an agricultural attache at the Italian Embassy; as the director of the Livestock, Agricultural Affairs, and Planning Office of the Ministry of Agriculture, Forestry, and Fisheries; and as governor of Cheju Province.

Floor Leaders Extend Extraordinary Session*SK0307013495 Seoul YONHAP in English
0126 GMT 3 Jul 95*

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — Floor leaders of the ruling and opposition parties have decided to extend the 176th extraordinary National Assembly session opening Wednesday to 15 days instead of the originally planned 11-day sitting, increasing the session by four days.

The decision was reached Sunday in a series of unofficial contacts among floor leaders of the ruling Democratic Liberal Party (DLP), the main opposition Democratic Party (DP) and the splinter United Liberal Democrats (ULD).

During the parliamentary session, the lawmakers are expected to deal with major state affairs and recent accidents like the tragic collapse of the Sampung Department Store.

The floor leaders also decided to have three leaders representing major parties deliver separate speeches for three days at the parliamentary plenary session, followed by a four-day session to interpolate the administration and the three-day standing committee's activities. But, a detailed schedule for the rest of the parliamentary proceedings will be determined at the senior vice floor leaders meeting Monday.

DLP Chairman Yi Chun-ku will deliver his representative speech on Thursday, while DP President Yi Ki-taek and ULD President Kim Chong-pil will deliver theirs on Friday and Saturday, respectively.

South African President Nelson Mandela, who is arriving Seoul on Thursday at the invitation of President Kim Yong-sam, is scheduled to deliver a speech at the parliament on Saturday.

The house session will handle major issues such as rice aid to North Korea, an alleged forged Foreign Ministry document and violations which took place during the just-ended local elections.

Clashes 'Expected' During Assembly Session*SK0107045695 Seoul YONHAP in English
0446 GMT 1 Jul 95*

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — The ruling and opposition parties are expected to clash at the extraordinary National Assembly session opening next Wednesday as it will be held in the wake of Tuesday's local elections and Thursday's tragic collapse of the Sampung Department Store.

As the tri-party structure has been cemented as a result of the local elections and as Kim Tae-chung and Kim

Chong-pil have emerged prominent, the rival parties may well engage in power skirmishes at the upcoming parliamentary session with the general elections slated for April next year in mind.

With respect to the department store disaster, the opposition Democratic Party and the United Liberal Democrats reportedly plan to demand the resignation of the cabinet led by Prime Minister Yi Hong-ku, charging that the incumbent government has reached a limit in addressing a sequence of serious man-made calamities.

South Korea's rice aid to North Korea will also be a point of contention, as the Democratic Party denounced it as "an act abandoning national sovereignty" that the freighter Sea Apex was forced by the North Koreans to take down its South Korean national flag and hoist instead the North Korean flag while approaching and docking at the North's Chongjin Port earlier this week.

The Democratic Party will also take issue with the libel suit filed against Rep. Kwon No-kap and Kim Tae-chung for the leaking of an allegedly forged diplomatic document.

Judicial actions to be taken against election law violators and allegations about pro-communist activities made during the elections are also expected to draw partisan clashes.

New Zealand Awaits Court Order To Deport Choe*SK0307063095 Seoul YONHAP in English
0613 GMT 3 Jul 95*

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — Law enforcement authorities in New Zealand Monday sought the deportation of an administrative attache to the South Korean Embassy in Wellington involved in a document forgery case, charging him with staying in New Zealand illegally, according to a Foreign Ministry spokesman.

Administrative attache Choe Sung-chin, however, will not be forcibly removed from New Zealand until a court decides on the legality of the deportation request made by the New Zealand police after receiving an appeal application from Choe, Kim Ha-chung, director general of the Ministry's Asia-Pacific Affairs Bureau said.

Kim expects Choe will take the case to an appeals court in New Zealand and the whole process will likely take 40 to 50 days.

Should the court decide to deport Choe, then he will be forcibly removed from New Zealand and sent to South Korea under New Zealand law, according to Kim.

Director General Kim said that Deputy Foreign Minister Yi Chae-chun [has] been trying to persuade Choe to

voluntarily fly to Seoul since Choe flew to Wellington last Tuesday.

Deputy Foreign Minister Yi met with attache Choe and Choe's lawyer at a police station in New Zealand last Friday when the local police ascertained Choe's whereabouts, Kim said.

While meeting with Choe, Deputy Foreign Minister Yi urged Choe to return to Seoul to reveal the truth about the forgery case, according to Kim.

Attache Choe, however, refused to return to Seoul, saying that he might be persecuted if he returns.

Director General Kim said that his ministry asked the government of New Zealand to deal with the case in accordance with the laws of New Zealand, adding that the Government of South Korea does not want to raise trouble with human rights groups in New Zealand in connection with the case.

Law enforcement authorities in New Zealand released Choe hours after detaining him last Friday after he met with Deputy Foreign Minister Yi in accordance with local laws, Kim said.

He, however, believed that the local police are still closely monitoring Choe's whereabouts as police there have already issued a deportation order for the attache.

Kim said that it will be almost impossible for Choe to get political refugee status in New Zealand, downplaying reports that Choe was seeking political asylum in New Zealand.

Ministry Rebuffs Promotion Claims Regarding Choe

SK0307094995 Seoul YONHAP in English
0816 GMT 3 Jul 95

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — The Foreign Ministry on Monday rebuffed claims by the largest opposition Democratic Party (DP) that the former Administrative Attache Choe Sung-chin at the South Korean Embassy to New Zealand, involved in a Foreign Ministry document forgery case, was offered a promotion by the Foreign Ministry in return for confessing to the forgery in collaboration with the largest opposition party.

The opposition Democratic Party revealed to the press Monday that Choe was offered a promotion during a telephone conversation with Kim Tae-chung, former president of the DP, and other DP lawmakers.

"Deputy Foreign Minister Yi Chae-chun has never offered Choe such a promotion and a meeting with President Kim Yong-sam while having talks last Friday with Choe in New Zealand on two separate occasions at-

tended by officials of the Foreign Ministry and law enforcement authorities of New Zealand and an interpreter," ministry spokesman Yu Kwang-sok said, insisting officials of New Zealand have records on the talks between Yi and Choe.

Between the two meetings which lasted one and a half hours and a half hour respectively, Deputy Foreign minister Yi had a one-on-one meeting with Choe for about a half hour in which he attempted to persuade Choe to voluntarily return to Seoul, according to Yu.

During the meeting, Yi insisted he did not make such offers as claimed by the Democratic Party, instead persuading Choe to show his courage by voluntarily reporting to the South Korean police if he actually did not commit any crimes in connection with the document forgery case, according to Yu.

Yi also promised that Choe's human rights will be fully guaranteed in the course of the investigation into the alleged forgery case, urging him to tell the truth regarding his involvement in the case, according to Yu.

The spokesman denounced the opposition party which revealed to the press the talks between Choe and Kim Tae-chung, chairman of the Peace Foundation for Asia-Pacific region and also the most influential man in the largest opposition party, for irresponsibly misleading the people of the country.

Yu confirmed that Choe recently filed an application with the immigration authorities of New Zealand for status as a political refugee.

A spokesman for the New Zealand Embassy here said that, according to local laws in New Zealand, a foreign national who has been ordered by local police to leave the country must leave New Zealand within 42 days from the time he or she is served such an order.

However, New Zealand authorities cannot force him out of the country if an appeals court process is underway to review the legality of the deportation, or 'removal' as it is termed in New Zealand, the spokesman said.

Once the appeals court makes a decision on the removal case, the authorities cannot force the foreigner out if he has filed an application for status as a political refugee with the immigration office, which could take up to three months to process.

The spokesman also said that if he is not satisfied with the immigration officials' decision, he could also file an application with the refugee appeals authority, an independent organization, for further examination of the case. A process that could take up to one year to complete.

Burma

Mon, SLORC Sign Cease-Fire Agreement

Khin Nyunt Meets Mon Leaders

BK3006120595 Rangoon TV Myanmar Network in Burmese 1330 GMT 29 Jun 95

[FBIS Translated Excerpt] A ceremony to mark the New Mon State Party's [NMSP] end to armed struggle and its return to the legal fold was held at the Southeast Military Command's Aung San Hall at 0900 today. [passage omitted] The ceremony successfully concluded in the morning.

After the ceremony, Secretary-1 Lieutenant General Khin Nyunt warmly greeted the deputy chairman of the NMSP, Nai Htin, and his delegation, peace mediators, and the local people. [passage omitted on details of surrendered weapons and 28 June banquet].

Lt. Gen. Khin Nyunt, chairman of the Work Committee for Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council [SLORC], held a meeting with NMSP leaders at 1000 today in the conference hall of the Southeast Military Command Headquarters and coordinated on regional development matters. [passage omitted on those present at the meeting]

Speaking at the meeting, Lt. Gen. Khin Nyunt said today is an auspicious day for Mon State as well as all of Myanmar [Burma] as it marks the dawning of peace in Mon State. He said today's successful ceremony was made possible by the sincere efforts and correct attitude of the both sides in seeking peace in the interests of the nation and the people.

He said that, although the Union of Myanmar achieved independence over 40 years ago, it lagged behind neighboring countries in development. He explained that armed conflict among the national people developed because of differences and suspicion among the national people since independence and outside interference and that national development lagged behind because of this armed conflict. He said since SLORC assumed state responsibilities, objectives for national reconciliation had been created. He attributed today's success to mutual understanding and sincerity and said invaluable results for the Mon State and the Union of Myanmar have been achieved.

He said Burma is an agriculture-based country and there are many orchards and farmlands in the Mon State. He said now that the region has become peaceful the state's economy would take off once efforts are made and that economic development would accelerate within three

years if transport and communications in the state are upgraded. [passage omitted on state policies]

He said, so far, a total of 15 armed indigenous groups had returned to the legal fold and that it could be said that the national reconciliation efforts of the SLORC have obtained considerable success. He said our objectives will be more successful if the last group, the KNU [Karen National Union], makes their own efforts in accordance with their own wishes on the basis of mutual trust and understanding and sincerity without outside manipulation. As for the Khun Sa's opium smuggling group, which is threatening the entire world, the Defense Services will continue to fight against them as a national duty.

He said today's meeting is being attended by ministers, deputy ministers, and senior departmental officials who will draw up development plans for the Mon State. [passage omitted on development] The coordination meeting ended successfully in the afternoon. [passage omitted]

Cease-Fire Agreement Viewed

BK3006140895 London BBC in Burmese to Burma 1345 GMT 29 Jun 95

[Dispatch from Larry Jagan]

[FBIS Translated Text] The Burmese Government and the New Mon State Party [NMSP] signed a cease-fire agreement in the capital of Mon State, Moulmein, early this morning. The Mon delegation was represented at the signing ceremony by Nai Htin, deputy chairman of the NMSP. Mon leader Nai Shwe Kyin was unable to attend the ceremony due to poor health. Mon sources confirmed that there are no differences within the armed Mon group over the cease-fire. The agreement came nearly a month after peace talks were resumed after a disruption of over a year.

The two sides were previously unable to negotiate over the Mon demand for their own territory which was rejected by the Burmese Government. According to Mon sources, Rangoon made a concession this time, agreeing to Mon control of 20 areas. Both Burmese and Mon officers stressed that the cease-fire agreement was purely military in nature. Negotiations will continue on the political future of Mon State and the Mon-controlled areas. Initial negotiations have already begun on the fate of 12,000 Mon refugees who now live in camps along the Thai-Burma border after fleeing from the conflict in the southern part of the country. The Burmese side is keen to receive international assistance for the repatriation of these refugees. Although agreement on this matter is still remote, sources at the border believe

that the Thai authorities will increase pressure to return the Mon refugees to Burma.

According to Mon sources, the leaders of the NMSP were not very keen on the peace agreement. However, because of pressure from the Thai authorities, they had no other choice but to agree to the cease-fire. The Mons view the current pact as a temporary cease-fire agreement and not a conclusive peace agreement. The Mon have sufficient reason for holding such a view. The Karenni National Progressive Party [KNPP] — the last group to sign such an agreement — agreed to a cease-fire agreement in March. However, they believe the Burmese Defense Services have breached the agreement and have raised their objection with the Rangoon government.

According to Karenni leaders, the Burmese military authorities started recruiting civilian porters for the military early this month in areas under KNPP control. About 2,000 Burmese troops have moved into Karenni areas since last week and can be said to be controlling the camps along the Thai border. Sources along the Thai-Burma border believe that the cease-fire agreement with the KNPP is now under threat.

SLORC Reportedly Planning Attack on Karens

BK2906140695 Oslo Democratic Voice of Burma in Burmese 1430 GMT 28 Jun 95

[FBIS Translated Text] According to sources from the Karen National Union [KNU] and the All Burma Democratic Front, about 600 troops from the SLORC's [State Law and Order Restoration Council] 403d, 404th, and 405th Regiments based in Thayetchaung have been making preparations since the third week of June to launch another offensive against the 4th KNU Brigade. The SLORC troops are forming into three military columns and are advancing toward the area under the 1st Company of the KNU 4th Brigade and clashes are reported to be taking place.

Ko Ba Maung Tin from the Thai-Burma border reported to the Democratic Voice of Burma as follows:

According to unconfirmed reports, the regiments based at (Thabingyi) village in Thayetchaung Township now control some areas under the 1st Company of the KNU 4th Brigade. The KNU 4th Brigade camp is one of the few surviving KNU camps following the fall of Manernplaw and Kawmura. The 505th and 104th Regiments carried out preparations to launch an offensive against the 4th Brigade in March, but later retreated.

According to observers, the gas pipeline to Thailand is to pass through the area under the 4th Brigade and it

is the strategy of SLORC to either obtain a cease-fire in the area or annihilate the armed indigenous groups. The SLORC remained silent about the KNU Central's offer to hold talks on a cease-fire and said it would only deal with individual KNU brigades. The leaders of the 4th Brigade had openly announced they would not hold separate talks with the SLORC. The observers view the current military preparations as pressure on the 4th Brigade to come to separate talks.

SLORC Offensive Against Karenni Reported

BK0307072895 Bangkok THE SUNDAY NATION in English 2 Jul 95 p A 3

[FBIS Transcribed Text] As Burma's armed ethnic Karenni guerrillas called for international condemnation of the ruling junta's military offensive against them, the Burmese army yesterday [1 July] continued its advance for a second day and forced over 1,000 people to flee into the jungle.

The attacks on the Karenni National Progressive Party [KNPP] were considered "serious" and a "blatant" break of the ceasefire which both sides reached in March, a senior KNPP official said.

After day-long clashes on Friday around Kauk Kauk Hill and the Mae Surin confluence, both of which are opposite Mae Hong Son's Khun Yuam district, more fighting erupted yesterday at Tatamaw, opposite the Muang district in the province.

The official said the bodies of two Burmese soldiers were found from Friday's clashes, but the KNPP said they suffered no casualties.

Fighting at Ban Nai Soi, a small border village just north of Mae Hong Son town, began at 10 am yesterday, according to refugees fleeing the battle scene. By the afternoon, the battle was said to be only a few kilometres from the border.

Reporters were warned not to approach closer than three kilometres to the border but Thai officials insisted fighting had not spilled over into Thailand.

Dozens of Karenni refugees were seen crossing into Thailand by foot. One villager said as many as 2,000 people may try to enter Thailand at Ban Nai Soi to escape the fighting.

At Camp 3, an existing refugee camp about three kms from the border, refugees frantically loaded their belongings into pick-up trucks to be taken into Ban Nai Soi itself, deemed to be safer than Camp.

Meanwhile, to the north, fighting has been reported at Mesete and Meluya, two Karenni towns located about 15 kms from the border in northern Muang district.

In an interview yesterday, the same KNPP official said the ruling Burmese State Law and Order Restoration Council (Slorc) violated the bilateral ceasefire reached in March and not vice versa.

The official, who requested not to be named, has urged the international community "to condemn and put pressure on Slorc to withdraw their troops from the KNPP-held areas", saying that a failure to do so would mean sanctioning Slorc's human rights abuses.

"It will also embolden and encourage the Slorc to continue embarking on its militaristic and despotic designs which are certain to threaten the stability of the region," said an urgent KNPP statement released yesterday.

The official accepted that prospective "economic activities" in the KNPP-controlled area and the group's political stance could be the reasons that prompted Slorc to recently send four to five thousand troops into the Karenni controlled territory.

The official quoted senior Burmese officers in the Karenni state capital of Loikaw as saying that "the order to send forces (into the KNPP area) came from senior authorities in Rangoon".

Maj Gen Maung Gyi, the commander of the Burmese Army's Regional Control Command in Loikaw, was quoted as telling KNPP representatives in the city that troops were to be sent to "consolidate" and secure the border with Thailand as a newly-elected Thai government might change its border policy with Burma. The KNPP had argued against the reasoning, saying the election was a domestic affair of Thailand.

Slorc, said the official, might not be happy with the KNPP public statements that despite a truce deal, the ethnic group's political stance remains unchanged—that it still demanded independence for the Karenni state.

The commander also reportedly informed the ethnic group to give way and allow a foreign company, Billion Group, which was granted a logging concession from Slorc, "to extract logs from the KNPP area, opposite Thailand's Khun Yuam, to Loikaw and later to Rangoon.

The KNPP official said even though his group was previously paid "some money as tax" for timber concessions by logging firms a few years ago, the Billion Group and Slorc had not done so this time.

"Slorc had previously allowed us to collect tax but it was still much less than what Slorc got from logging firms," he said. "We are the owners of the natural resources, but Slorc is leasing them out and making a lot of money out of foreign companies. We ourselves do not give out

logging concessions," he said. The official believed that Slorc in fact wanted to control the long Thai-Burmese frontier from opposite Mae Hong Son down to Tak and Kanchanaburi now that it had captured the ethnic Karen guerrilla headquarters and other strongholds in Tak. The logging problem, he said, could in fact be resolved or a compromise reached as the KNPP was always ready to talk. "We can talk, but first we want Slorc to withdraw their troops. We can reach a compromise on logging, but we also want Slorc to be sincere," he said.

The official ruled out the likelihood of Slorc's despatching troops into the area as a means to gain territory closer to opium warlord Khun Sa's headquarters at Homein, which the Burmese army has repeatedly promised to overrun.

"If they want to attack Homein, they did not have to send forces into Kauk Kauk Hill and Mae Surin areas which are long way from Homein. They can just go to their area in Tatamaw and proceed from there, which is closer," he said.

Agriculture Cooperation Pact Signed With PRC

BK3006063695 Rangoon Radio Myanmar in Burmese 1330 GMT 29 Jun 95

[FBIS Translated Text] Mr. Liu Jiang, minister of agriculture of the People's Republic of China [PRC], and party arrived on a goodwill visit to Myanmar [Burma] on 25 June at the invitation of Agriculture Minister Lieutenant General Myint Aung and studied Myanmar's agriculture activities.

During the visit and in accordance with the discussions made between Agriculture Minister Lt. Gen. Myint Aung and PRC Agriculture Minister Liu Jiang, a bilateral technical cooperation agreement in the agriculture sector, based on the bilateral goodwill between the two countries, was signed by Lt. Gen. Myint Aung and Mr. Liu Jiang at the Agriculture Ministry's Meeting Hall on Thirimingalar Lane, Kabaaye Pagoda Road, Yangon [Rangoon], at 1700 today.

According to the agreement, the two governments believed that developments in the agriculture sector would enhance existing bilateral goodwill relations.

Brunei, Malaysia & Singapore

Singapore

Article Views 'Signs of Stress' in APEC

*BK3006152495 Singapore BUSINESS TIMES
in English 28 Jun 95 p 15*

[Article by regional analysis editor Yang Razali Kassim:
"Signs of stress within Apec start to show"]

[FBIS Transcribed Text] A strange thing happened to the 18-member Asia Pacific grouping — Apec [Asia Pacific Economic Cooperation] — last week. Out of the blue, the group's executive director based in Singapore found himself confronting the United States, Apec's pre-eminent member economy.

Ambassador Shojiro Imanishi was wrongly portrayed as saying in an interview with a news agency that the US had made an about-turn on its commitment to a free trade plan agreed by Apec leaders in Bogor last year.

Mr Imanishi was purported to have said that instead of aiming to achieve free trade in the region by 2010 and 2020, the US now wanted a shorter-term approach of, say, three or four years.

The Apec secretariat chief was also quoted as saying that the US about-turn was posing a threat to efforts to prepare for the Osaka summit of Apec leaders in November.

The statement immediately caused a stir, especially with the US. But nobody was sure whether to react with anxiety or incredulity.

To begin with, it would have been a serious setback for Apec if it were true the Americans were pulling out of the free-trade plan.

Secondly, since the Apec headquarters was formed in Singapore three years ago, the secretariat chief has never criticised an Apec member publicly, especially not a member as important as the US.

Thirdly, that the remark came from a Japanese executive director at a time when the US and Japan were still locked in a seemingly inextricable trade spat, made it even more questionable, if not suspicious.

It did not come as a surprise therefore when the US immediately retorted with shock, saying in no uncertain terms that no U-turn had taken place in the US commitment to Apec free trade.

The US embassy issued an immediate denial the day the report was released on Tuesday last week. A day later, the embassy and the Apec secretariat issued a joint statement to further contain the fallout from the report.

The joint statement stressed that the US remained committed to the 2010/2020 free trade plan for Apec. The joint statement did the trick.

However, questions have already been raised over whether the situation in Apec at this stage was indeed problem-free.

And as it turned out, the US did have different ideas about how to realise the 2010/2020 free-trade plan. But this is not the same as saying the US was pulling out of the free-trade pact altogether.

What the US is pushing for is a different approach to fleshing out the 2020 free trade plan for Apec.

The issue really is one of clashing modalities. In particular, the US is proposing an alternative to the Japanese proposal for concerted unilateral approach (CUA) in trade and investment liberalisation. The US calls it "co-ordinated liberalisation". Clearly, the US prefers not to leave it to chance.

Be that as it may, the Japanese, as well as the Apec secretariat which has been helping in the groundwork, are obviously unhappy with the late US proposal.

It threw a monkey spanner in the works of officials who have been frantically trying to put together something in time for the Osaka summit. This Mr Imanishi did not deny. And the frustration found its way into print eventually when Mr Imanishi talked to the media.

Mr Imanishi's remark brought to the surface the tense undercurrents that must be going on within the Apec circle as leaders prepare for the Osaka summit.

Pressure must be mounting as expectations have been raised since Bogor. Some leaders fear that their credibility will be undermined if nothing concrete comes out of Osaka.

Others sceptical of the Apec process are quietly sniggering, saying: "I told you so."

The pressure is therefore as much on the staunch supporters of Apec to show that the Osaka summit will do something to flesh out the Bogor Declaration on the free-trade plan.

Mr Imanishi is leaving his post soon. He has about half a year to go before calling it a day and handing over to the next executive director.

He may well have done the right thing by speaking up on what he believed in. Then again, he may have been facing so much flak that he wants to get out even faster.

Who says it is easy being the executive director of Apec? You have to be prepared for stress — especially

if you're from a country that is on a trade collision course with the US.

MAS Report Forecasts Moderate Economic Growth

*BK3006141195 Singapore BUSINESS TIMES
in English 29 Jun 95 p 1*

[Report by Vikram Khanna]

[FBIS Transcribed Text] Singapore — Singapore's economic growth will moderate to its "potential" rate — that is, a sustainable medium-term rate — of 7-8 per cent this year after topping 10 per cent in 1994, the Monetary Authority of Singapore (MAS) says in its annual report.

The MAS forecast in its 1994/95 Annual Report, which was released yesterday, is slightly below the 7.5-8.5 per cent projection put out by the Ministry of Trade and Industry in its first quarter economic survey released last month. The difference reflects the incorporation of more current data on global economic prospects, said an official source.

The MAS estimate of the economy's potential growth rate has been raised from 6-7 per cent previously. The upward revision reflects "a greater intake of foreign workers, following the relaxation of foreign worker quotas in December 1994", the report says.

As in the last two years, economic growth this year will continue to be led by external demand. Private consumption spending is expected to be dampened by a diversion of funds towards asset purchases and towards spending abroad. Non-oil domestic exports (which are dominated by electronics) are set to expand by 10-15 per cent — although this would represent a slowdown from the 23 per cent expansion recorded last year.

The MAS expects that whereas US demand for electronics will soften during the year, European and Japanese demand will be sustained.

Consumer price inflation (CPI) is forecast to average 2-3 per cent this year, according to the report. It points out that last year's 3.1 per cent was "relatively low" considering the introduction of GST (goods and services tax). Four factors held consumer prices down: productivity gains in manufacturing, the increased intake of foreign workers, intense competition among retailers, and the appreciation of the Singapore dollar.

Although the CPI is at a comfortable level, sources said there was some concern about asset inflation. Although there is no index to accurately measure the extent of this, the government is confident that it is nowhere near dangerous levels.

For this year, a consolidation of the property market is foreseen. The MAS report points to a likely slowdown in private residential construction.

But public construction activity will be strong, supported by housing and infrastructure.

Sluggish domestic and tourist demand, coupled with intense competition, will cloud the outlook for the retail industry, according to the report.

Referring to the impact of the strong Singapore dollar on the retail trade, the MAS suggests that while there has been a short-term increase in domestic costs like wages and rents relative to some other countries, low inflation and a reduced demand for labour would curb such costs in the longer term.

Retailers will be particularly helped by the reduction in imported costs (which account for about two-thirds of their total costs) resulting from the strong local dollar.

Turning to the labour market, the MAS projects that productivity growth will ease further to 4 per cent this year, from 5.3 per cent in 1994. Real wage growth exceeded productivity growth last year, and the gap between the two will probably widen further, the report says.

Cambodia

Assembly Ratifies ASEAN Cooperation Treaty

*BK0307073595 Phnom Penh National Radio of
Cambodia Network in Cambodian
1300 GMT 2 Jul 95*

[FBIS Translated Text] The National Assembly of the Kingdom of Cambodia [KOC] has ratified the Treaty of Amity and Cooperation as a precursor allowing Cambodia to receive observer status in ASEAN.

His Excellency [H.E.] Ing Huot, minister of foreign affairs and international cooperation, is expected to sign the [word indistinct] treaty at an ASEAN meeting to be held in Brunei. This step will permit the KOC to take part in various ASEAN meetings with no voting rights.

The National Assembly voted 91 to 1 to ratify the treaty after a debate that lasted over (?two) hours.

ASEAN members — Thailand, Malaysia, Brunei, Indonesia, Singapore, and Philippines — will grant full membership to Vietnam (?next) year.

Communique Issued on 28 Jun Cabinet Session

BK3006121595 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 29 Jun 95

["Press Communique of the Government Spokesman's Office"; dated 29 June — read by announcer]

[FBIS Translated Text] On the morning of 28 June at 0900 at the office of the Council of Ministers, a plenary session of the cabinet was held under the chairmanship of Prince Krompreah Norodom Ranariddh, first prime minister; and Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, to discuss the draft proposal of the Defense Ministry and the draft of the subdecree on sending Cambodian workers abroad.

The session debated and expressed positive views on the Defense Ministry's proposal to consolidate forces defending the airspace and maritime borders. The Royal Government should have necessary measures to patrol and guard against various eventualities both at sea and on land. This is aimed at protecting national resources and preventing various offenses and also at ensuring security and safety for the country and investors. It is also aimed at defending the territorial integrity and sovereignty of the Kingdom of Cambodia because this is a necessity.

Concerning the subdecree on sending Cambodian workers abroad, the cabinet fully agreed with the document and amended some procedures. The draft subdecree focused on the following points:

To resolve daily life problems and to increase the vocational expertise of Cambodian citizens, the Royal Government allows the dispatch of Cambodian workers abroad. The dispatch and administration of these workers are the task of the Ministry of Social Affairs, Labor, and War Veterans.

Considered as workers eligible for dispatch to work abroad are Cambodian citizens of both sexes aged 18 and above who have submitted job application forms to the Ministry of Social Affairs, Labor, and War Veterans.

All proposals to send workers abroad should clearly mention major conditions, particularly the date of the start and the end of the job; the nature of the work; the place of work; the number and specialty of workers; salary and other benefits, including accommodation, clothing, health care, and other issues that are part of every day life; and the transport of workers to and from the place of work.

The cabinet meeting also agreed on the article stipulating that the dispatch of workers abroad can be carried out only with the permission of the party providing the

workers and the Ministry of Social Affairs, Labor, and War Veterans. There should also be a work contract between workers and the party accepting them. Before the trip abroad, the party providing workers and the party accepting them should be in charge of training the workers on the work procedures, life style, traditions and customs, and necessary laws of the country accepting the workers.

The cabinet closed the session at 1330 in a spirit of agreement and lofty responsibility.

Phnom Penh, 29 June 1995

Chea Sim Stresses CPP-FUNCINPEC Alliance

BK3006143595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 30 Jun 95 pp 1, 2

[Report by Srei Neat]

[FBIS Translated Text] The Cambodian People's Party [CPP], one of the big political parties in Cambodia that holds power jointly with FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], has reaffirmed its position saying that in the current circumstances it will continue to further consolidate the alliance between the two major parties in order to achieve the Royal Government's main goals.

Speaking on the CPP's 44th anniversary (28 June 1951-28 June 1995), CPP Chairman Samdech Chea Sim said that in order to achieve firm and lasting national reconciliation under the leadership of His Majesty King Norodom Sihanouk, the CPP continues to consolidate the alliance with FUNCINPEC led by Prince Krompreah Norodom Ranariddh in accordance with the spirit of the two parties' joint communique in order to promote the implementation of the Royal Government's political platform until the end of its mandate and in the future.

Samdech Chea Sim also specified that his party will continue to voluntarily cooperate with various political parties. However, he absolutely opposed all activities that violate the Constitution and various unreasonably slanders against the Royal Government's efforts and achievements by some extremists circles. In his speech, Samdech Chea Sim stressed that these activities are a serious affront and could affect national interests.

His official speech has made circles that are not pleased with the alliance between the two parties think that this consolidation has strengthened the Royal Government and the National Assembly, which is being controlled by the two parties, to the point that nobody can voice any objection.

An official of the Buddhist Liberal Democratic Party [BLDP], a party with 10 seats in the National Assembly, who has voiced concern over these two parties' alliance, told REAKSMEI KAMPUCHEA that it is good if this alliance is in the nation's interest. However, in his view, this alliance is more inclined to consolidate power. In this sense, democracy has been degraded and the two major parties can do what they like for their parties' interest.

In his speech Chea Sim also stressed that his party continues to promote democracy and respect for human rights, to uphold freedom and law implementation, and to pay attention to intellectuals' aspirations and the youth's future and job. He said that the situation in Cambodia is going well and this should be nurtured and consolidated.

Samdech Chea Sim discussed a five-point experience that the party went through and that should be continued. The main points are: have a correct political platform appropriate with the real situation in each phase; internal solidarity and union based on the party's political platform, principles, and constitution; link with the people in all circumstances; good relations and co-operation with various political parties; and extensive relations with other countries.

However, Chea Sim also pointed out in his speech that the solidarity and union based on the party's political platform, principles, and Constitution are the life and relevant factors ensuring the party's success however bad the times are.

It is realized that the CPP is striving to strongly protect this point at a time when its rivals are falling into an abnormal situation with internal conflict in each party. FUNCINPEC recently resolved the Sam Rangsi case, which plunged this party into a rift and a decline in its popularity. The BLDP is moving toward division due to the conflict between party Chairman Son Sann and his First Deputy Chairman Ieng Muli.

Even in such an evident situation, Chea Sim avoided in his speech any reference to shortcomings of other parties or of his own party but appealed to his party members at all levels to continue strengthening solidarity and union and striving to implement the party's political platform, to persistently adhere to the Constitution,...

It should be recalled that important officials from FUNCINPEC, the BLDP, the Liberal Democrat, Molinaka, and Khmer Resistance Fighters parties also took part in the CPP's 44th anniversary on the morning of 28 June.

Khmer Rouge 'Minister' Criticizes Government

BK0207090695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 30 Jun 95

[Interview with Kor Bun-Heng, "minister in charge of the situation and labor in Phnom Penh and in cities of the Provisional Government of National Union and National Salvation" by an unidentified reporter on 30 June; place not given — recorded]

[FBIS Translated Text] [Reporter] Greetings, Your Excellency. We would like you to inform our compatriots on the situation in Phnom Penh City.

[Kor Bunh-heng] The situation in Phnom Penh can be summed up as follows: The two-headed government is the machinery of communist Vietnam. It is disintegrating and falling apart in every sector. This is a result with profound significance. On the one hand, this is the result of the communist Vietnamese aggressors' regime, which is dictatorial, fascist, undemocratic, with no freedom, inhumane, unethical, devoid of human rights, very corrupt, and plundering. On the other, this is the result of the persistent struggle with lofty and noble heroism of our entire nation and people, in rural areas, in Phnom Penh, and abroad.

It should be recalled that in June last year, this administration used a fascist law in an attempt to destroy our national resistance forces. In this administration's strategic view, if it can smash the national resistance forces, then it can kill the Cambodian nation and people, and therefore completely annex Cambodia. This plan was fully defeated.

The fact is that this fascist law was designed to arrest, imprison, and torture all compatriots in Phnom Penh who want national reconciliation, an end to the war, and who oppose Vietnam and the government's corruption. Another truth is that the dictatorial and fascist regime and law were just like fire that further fuels the national anger of our people.

Our compatriots and people in all circles, students, teachers, professors, laborers, small traders, civil servants, personalities, and monks have risen up and struggled with heroism, courage, and bravery against the dictatorial and fascist regime of the communist Vietnamese.

[Reporter] Against what did our compatriots in Phnom Penh struggle?

[Kor Bun-heng] The main struggle is against Vietnam. Our compatriots, like our entire people, are very hurt by this Vietnam issue. They repeatedly have been the direct victims for 16-17 years. Old and new Vietnamese

are everywhere in Phnom Penh. Compatriots in Phnom Penh say that in the dry season the water in the Mekong, Basak, and Tonle Sap Rivers recedes, but the Vietnamese are on the rise, and that in the rainy season the water rises and so does the number of ethnic Vietnamese. The old Vietnamese are led by the Communist Party of Vietnam; they are in the form of Vietnamese soldiers and policemen disguising themselves as civilians or as puppet soldiers and policemen. Hundreds of thousands of Vietnamese live everywhere in Phnom Penh and the city's suburbs. New Vietnamese continue to flow into the country daily and unabated.

Let me give some concrete examples. In the past, in Chak Angre, Chba Ampeou, Chrouy Changva, Kilometer 6, Phsa Toch, Phsa Chas, Phsa Thmei, Phsa Depo, Phsa Olympic, there were already a lot of Vietnamese. This year more Vietnamese have come; they live everywhere, on water, along river banks, on farm land, and in our Cambodian people's houses. They are everywhere, even in monasteries. They have come with their entire families; Vietnamese prostitutes have also come. The city and its suburbs are now more and more crowded with Vietnamese.

This Vietnamese issue very seriously affects the lives of our nation, people, and race. It directly affects the lives and daily life of our compatriots in Phnom Penh. First, the Vietnamese have plundered land, water, houses, and property of our people who are the owner of the country. The Vietnamese have taken over jobs from our people. Therefore, our people face great hardship in their life. Second, Vietnam and its puppets have arrested, imprisoned, tortured, and murdered people and are a constant threat to compatriots in Phnom Penh. Compatriots who are pupils and students are constantly the victims. They have been arrested, put in jail and in dark cells, and most barbarously murdered.

Compatriots who are journalists have also been victims. Political figures who dare to protect national interests have also been constantly threatened. They have been expelled from the two-headed government and from the two-headed Assembly in accordance with dictatorial and fascist laws.

It is this situation that has constantly fueled the anger of compatriots in Phnom Penh and resulted in resistance activities through every form. These activities are numerous and widespread.

This is the nature of fascists. They repress the people and compatriots thinking that they can put out the fire of anger of the nation and the people. On the contrary, this has further fueled the anger of the nation and society. Sparks fly everywhere, burning the heads of fascists, bogging them down, and constantly panicking them.

[Reporter] What else do compatriots in Phnom Penh fight against?

[Kor Bun-heng] Another struggle is to demand that these guys end the war to have peace and national reconciliation. On the one hand, compatriots are the direct victims, particularly those who are pupils, students, and youths, who have been forcibly drafted to serve as soldiers and militiamen and sent to die on battlefields. On the other, compatriots clearly realize and understand that Vietnam is the one continuing the war. The war kills the Cambodian nation and people. The war kills only Cambodians while ethnic Vietnamese continue to flow into the country. Compatriots also realize that in continuing the war the two-headed government uses the budget — the money comes from taxes paid by the people — to wage war to kill our nation and people. Foreign aid has been used to wage war.

There are reports saying that there was assistance coming from this or that source. In fact, compatriots know that salaries of civil servants and teachers are still missing for two, three, five, or six months. Male teachers have been compelled to work as drivers of motorcycle taxis while female teachers have been compelled to make and sell cookies after school. Even so, this does not generate enough income to feed themselves. On average, teachers' monthly salaries can buy only 10 kilograms of rice at most.

This question is therefore asked: What about the money, the aid from foreign countries? Where did it go? Compatriots in Phnom Penh do know and clearly realize that part of this money has been embezzled by the traitorous leaders who shared it among themselves to buy big houses, cars, jewelry, and some even stashed the money abroad. Another part was used to buy tanks, aircraft, and firearms to continue the war that kills our nation and people. Another big chunk was taken by their Vietnamese masters. The latter took this money for themselves and also for feeding Vietnamese aggressor forces in Cambodia.

The same goes for rice aid. The aid went only to the traitorous leaders who plundered it, sold it, and shared the proceeds. However, a large part of the aid was for feeding Vietnamese forces in Cambodia and the war. The aid was said to be given to the Cambodian people. In fact, it has been used to feed the traitorous leaders and Vietnamese annexationist forces and to continue the destructive war.

Our compatriots and people in Phnom Penh have been striving to struggle through every form to end the war, that is to have peace and national reconciliation in order to end all kinds of suffering resulting from the communist Vietnamese war that is being continued by the

alliance and the two-headed government. Compatriots in Phnom Penh clearly realize that only peace and genuine national reconciliation can solve serious national and social problems.

Another struggle, let me tell you, is the one our compatriots wage against corruption and which is dealing blows to the head of the traitorous ringleaders, those selling off and embezzling the nation. Compatriots know how many million of dollars Hun Sen, Chea Sim, Ranariddh, and Sar Kheng have embezzled and how much army and police commanders, officers in the provinces and cities have made. Compatriots do know about this.

Apart from this, compatriots in Phnom Penh also have struggled against other social problems in every field and sector. This enumeration shows that the movement to struggle in Phnom Penh is vigorous and is constantly on the boil. It is striking directly at the head of the communist Vietnamese and the traitorous ringleaders from every direction. This year-long struggle has enriched compatriots with more experiences and has enabled them to have firm confidence in their own strength and that of their nation and of their own people.

Compatriots have clear knowledge that the traitors continue to betray and sell the nation. They continue to let more Vietnamese flow into the country because this is the nature of traitors. They need to have the power bestowed on them by their Vietnamese masters. The power is at the end of the barrel of the communist Vietnamese gun. Therefore, compatriots in Phnom Penh continue to struggle.

[Reporter] How do compatriots struggle, in what form?

[Kor Bun-heng] Lately compatriots have been clever in their struggle. They fight through every form, inside and outside the Assembly, in front of the Assembly and of the royal palace. They have staged demonstrations and strikes; produced leaflets; written petitions; and written in newspapers. They have waged the struggle by words of mouth to expose those betraying, selling, and embezzling the nation, and those who are corrupt. They have denounced communist Vietnam and its men.

Compatriots (?have hurled insults) at the Vietnamese and demanded that immigration laws be promulgated to expel Vietnamese, put them in camps, and repatriate them to Vietnam, the way other countries have been dealing with Vietnamese.

Compatriots have demanded that Vietnam return to Cambodia tens of thousands square kilometers of territory, sea, and islands annexed by Vietnam. They have demanded an immediate end to the war and also demanded peace and national reconciliation. They have demanded that clean, honest, and nationalist figures be

put in charge of state affairs. They have repeatedly done this. The struggle is waged in every form.

[Reporter] There is a movement emerging in Phnom Penh, namely that of people from rural areas calling for the return of land and for a solution to famine. What is the stance of our compatriots in Phnom Penh on this issue?

[Kor Bun-heng] Our compatriots in rural areas have been skinned by Vietnam and the communist Vietnamese administration for 17 years. They have been robbed and deprived of everything: land, rice fields, houses, villages, cattle, lakes, and rivers. Our people have been starving for 16-17 years. This year in particular millions of our people are going hungry; some have even died.

Thus, our compatriots are up to their necks. They have risen up to struggle. Hundreds and thousands of people have traveled from rural areas to demand land and a solution to famine right in the heart of Phnom Penh and have struck at the head of the two-headed government. Our compatriots in Phnom Penh have actively and wholeheartedly assisted and supported this protest movement of our people from rural areas. This is because these compatriots are of the same blood; they are also victims of the same enemies. They share a boiling anger.

It can be summed up that the struggle in Phnom Penh, along with the struggle of our nation and people in rural areas and combined with activities of our Cambodian compatriots abroad, has emerged as a simultaneous struggle of a people who rise up to defend their lives, their nation, and their race. Compatriots in Phnom Penh in particular do know, realize, and hold that only when Cambodians unite can our nation's small and big problems be resolved.

Now compatriots are saying that only when correct and clean personalities are put in charge of state affairs can Cambodian problems be resolved. They say that if the traitors are allowed to stay on, the nation will die and be ruined. Compatriots firmly hold that they should continue to unite and struggle on to save our nation.

[Reporter] What is the stance of the Provisional Government of National Union and National Salvation [PG-NUNS] and the National Union Party of His Excellency [H.E.] Khieu Samphan on solving these problems?

[Kor Bun-heng] The PGNUNS and the National Union Party have successively informed our nation and people about their stance. They have also joined in the struggle with our nation and people, in rural areas and in Phnom Penh, to resolve all these problems. These can be solved only when there is genuine national reconciliation and

peace and when the war is ended. This stance of the PGNUNS and the National Union Party is very clear and persistent; it will not waver.

[Reporter] Thank you Your Excellency. Before the end of the interview, do you have anything else to add? Please go ahead.

[Kor Bun-heng] Lately, I and other ministers, particularly H.E. Prime Minister Khieu Samphan, received many letters and petitions from our compatriots and people from all circles in Phnom Penh voicing assistance and support for the PGNUNS and the National Union Party, which compatriots in Phnom Penh generally referred to as the government of Louk Ta [grandfather] Khieu Samphan and the party of Louk Ta Khieu Samphan.

A number of compatriots have asked to serve in Louk Ta Khieu Samphan's government; others in Louk Ta Khieu Samphan's army, particularly pupils and students, to fight Vietnam and the traitorous leaders. Other compatriots have asked to join Louk Ta Khieu Samphan's party as members. All of them have requested that Louk Ta Khieu Samphan and his colleagues take part in running state affairs along with other correct, honest, and nationalist figures and participate in the political life in Phnom Penh to take part in solving the nation's small and big problems.

All this reflects the sentiments of respect, affection, and profound confidence of our compatriots in Phnom Penh in H.E. Khieu Samphan.

I would like to take this opportunity to express sincere and most profound thanks to all our compatriots in Phnom Penh, and also sentiments of respect and admiration for their brave and courageous struggle. Compatriots' letters and petitions to us express your resolute will to have national reconciliation and peace, to demand the end of the war. Compatriots do not need the current traitorous and corrupt two-heads. Compatriots demand that honest, clean, and nationalist personalities be in charge of state affairs; demand that the issue of over 4 million ethnic Vietnamese be resolved in order to save the nation.

Compatriots in Phnom Penh knew us; we also knew compatriots in Phnom Penh very well. We will continue to be with you and unwaveringly struggle on until achieving a political goal fully appropriate with the aspiration of our entire nation and people, namely end the war, have peace and national reconciliation, and have a clean nationalist force to join in steering our Cambodian ship.

We all firmly believe that the struggle to save the nation of our people inside and outside the country

and of compatriots in Phnom Penh, can be achieved. The situation of the struggle in the country is gaining momentum in Phnom Penh and in rural areas. The world situation is presently facing conflicts and complex crises. Aggressors and warmongers, near and far, big and medium, are being bogged down wherever they poke their heads in. They are being bogged down in their own countries.

The struggle to save our nation is part of the network of world struggle in a world that is facing widespread conflicts. These conflicts are tying up the hands, legs, and necks of aggressors and warmongers, big and medium, from every direction. This shows that in the era at the start of the 21st century, the spirit to love the nation, national honor, national pride, and the right to self-determination of each country and people is spreading while those who serve as puppets and lackeys of foreigners are being tossed into the garbage bin of history.

[Reporter] Thank you, Your Excellency. May you score success in your nationalist mission. Thank you.

Khmer Rouge Reports on Military Operations

Rail Line, Bridge Destroyed

BK0307073095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 1 Jul 95

[FBIS Translated Text] On the night of 27 June, the National Army of Democratic Kampuchea and people continued to block the portion of Pursat-Kompong Chhnang rail line between Totoeng Th'ngai and Samraong with three more pits, each 3 meters deep and 5 meters wide. We destroyed 150 meters of track and managed to plant 2,500 punji stakes and some mines.

On the same day, we completely routed an enemy company travelling from Kdol to Rumlich. We killed an enemy soldier and wounded another, and we seized a map, two knapsacks, two uniform belts, and two hand grenades.

On 28 June, due to the 18,000 punji stakes we planted to encircle the position defending [words indistinct] and due to our raid on the position, the enemy troops were forced to quit completely.

At 0530 on 30 June, we successfully attacked the position of the enemy company protecting the Phlov Dek and O L'peou bridges. We completely destroyed the O L'peou bridge and a culvert 5 meters deep and 5 meters wide, and we liberated O L'peou village in Kdoi commune. We also planted 2,000 punji stakes and some mines in the area.

Route 5 Near Poipet Cut

BK0307072995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 1 Jul 95

[FBIS Translated Text] On the night of 29 June, our National Army, in cooperation with the people, attacked and cut off the portion of Route 5 between Sisophon and Poipet for the third time.

Our first prong cut off the portion of Route 5 between Ra Sophi and Pou Bei Daeum with five more pits each 1.5 meters deep and 5 meters wide. We killed two enemy soldiers and wounded two others, and destroyed 12 houses belonging to the two-headed administrators. We also managed to plant 3,000 plain punji stakes, 200 poison-tipped stakes, and several mines.

Our second prong attacked and completely destroyed the position of the two-headed battalion at Chramoh Chruk adjacent to Route 5. We killed eight enemy soldiers and wounded three others on the spot. We also seized some weapons, ammunition, and war materiel.

On the same day, we sniped at the enemy troops at the Pheas Khluon position, killing an enemy soldier and wounding another. We also managed to plant 3,300 punji stakes and some mines at Chamoh Chruk.

Portion of Route 4 Blocked

BK0307073195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 1 Jul 95

[FBIS Translated Text] On 30 June, our National Army and people attacked and blocked a 2-kilometer portion of Route 4 between Kompong Seila and Stoeng Samraong with 18 pits each 1 meter deep and 2.5 meters wide.

On 28 June, we sniped at the enemy troops near the (Bak Angrut) position, killing two enemy soldiers.

On 29 June, we attacked and destroyed the enemy company position at Prek Bat Pi, killing an enemy soldier and wounding another. We also managed to plant 2,500 punji stakes and some mines.

Khmer Rouge Launch Offensive in Battambang

BK0307064195 Hong Kong AFP in English 0610 GMT 3 Jul 95

[FBIS Transcribed Text] Battambang, Cambodia, July 3 (AFP) — Khmer Rouge guerrillas on Monday launched a large-scale offensive in the northwestern province of Battambang, police and military officials said.

By mid-morning, they had fought their way to within 20 kilometers (12 miles) of this provincial capital, Cambodia's second largest city, they said.

It was unclear how many rebels were taking part in the offensive, they said, adding that fighting was concentrated on Boeng Ampil, a commune about 20 kms (12 miles) south of Battambang town, on National Route 10.

Streams of ambulances could be seen coming and going down the road, but casualty figures were not immediately available.

Government troops still held Route 10, a senior military official who declined to be named told AFP. He said the Khmer Rouge had attacked from the sides of the road which runs from Battambang town to the Khmer Rouge stronghold at Pailin near the Thai border.

In early May, the guerrillas got to within about 40 kilometers (25 miles) of Battambang town on the road when they stormed the last government position before Pailin at Treng commune.

They were beaten back about a week later.

Aid workers in Battambang town said they were aware of the situation on the road but the situation was still calm and there was no sound of any shelling.

Indonesia**Official Views PRC Interests in Natunas**

BK2906015795 Jakarta MERDEKA in Indonesian 28 Jun 95 p 7

[FBIS Translated Text] Jakarta MERDEKA 28 Jun — Professor Dr. Juwono Sudarsono, political observer and concurrently deputy governor of the National Defense Institute, has said that the emergence of China's claim on the Natuna Islands is brought about by the conflicting factions in the country itself. The factions feel that they are protecting China's national interest outside the country.

"There is a national awareness in China now and the people are adopting traditional sovereignty based on their government's historic achievements about 200 years ago, during which the territorial border lines were extended to South Asia and Southeast Asia," Juwono said at a working meeting with members of the Parliamentary Commission I [dealing with foreign affairs, national security, and information] on Tuesday, 27 June.

However, he said that based on modern international diplomacy, the settlement to any border disputes must

be based on the Law of the Sea. "Therefore, China is still practicing a double standard on the issue of border delimitation, that is, by adopting both the traditional concept and the modern one," he said.

Juwono said that China's placement of the Natuna Islands behind the broken boundary lines on its map, and to then claim to the islands as its territory was based on the regional concept adopted by the Han and Ming Dynasties hundreds of years ago. "At that time the Chinese thought that China was the center of the world while the others were just peripheries," he added.

Responding to a journalist's question on ways to seek a comprehensive settlement of the overlapping claim on the Natunas, Juwono said that China will have to be committed to the Law of the Sea. "This is because China has to cooperate with other countries in Southeast Asia," he said.

Juwono said that China had been motivated by an economic interest in the Natuna Islands due to the oil resources available there. Besides, the population of China is now 1.2 billion and this makes up 28 percent of the world's total population.

"China only has 2.4 percent of the world's total oil and gas resources. So, surely China has an excuse to try to acquire more oil resources for industrial development in the country," he said.

Juwono has suggested that China improve its relations with Russia because there are huge oil reserves in that country — in Siberia. "See, if China has another source for oil, it does not have to worry about ones in the South China Sea. This is a question of feeding and supplying energy to 1.2 billion people. It is not a joke, I can understand," he said.

He stressed that the Chinese Government should seek to compromise between the traditional and modern concepts of border delimitation. "If China continues to hold on to its traditional concept, and remains obstinate, it is not gaining anything because unfriendly relations with neighboring countries will cause difficulty to itself. Therefore, like it or not, China has to give in to the others," Juwono added.

Juwono said that the Indonesian Government was only asking China to clarify the map. "They have not responded to the request. But a formal explanation from the Chinese Government's spokesman said that the Natuna Islands belonged to Indonesia," he added.

Sutrisno: PRC 'Never Claimed' Natuna Islands

*BK0207084995 Jakarta ANTARA in Indonesian
0906 GMT 30 Jun 95*

[FBIS Translated Excerpt] Jakarta, 30 Jun (ANTARA) — Vice President Try Sutrisno said that China had never laid claim to the Natuna Islands. If that country indeed lays claim to the islands, the problem can be settled in the same manner as when Indonesia had a similar problem with Vietnam and Thailand. The vice president said this in response to a question posed by Jocelin Newman, an Australian senator, in Jakarta on Friday.

Drs. Sumadi, a vice presidential adviser, quoted Vice President Sutrisno as denying that China had claimed the Natuna Islands, a group of islands in the South China Sea believed to be rich in oil and gas deposits. "China has never claimed the Natunas as has been reported by various mass media," said Sutrisno.

The vice president also believes that as a big country, China should not be isolated because that country needs ASEAN's cooperation. "China should not be seen from its negative aspects only, but its positive aspects must also be recognized. With its 1.2-billion population, that country clearly plays an important role in the global forum," he said.

During the meeting, Senator Jocelin Newman raised the issue of potential cooperation between ASEAN and China. The vice president said that all ASEAN countries must first agree to the form of cooperation with China because Indonesia cannot unilaterally decide on the issue. Vice President Sutrisno also stressed that any border problem with Australia should be solved in a spirit of mutual understanding and benefit. [passage omitted on Senator Jocelin Newman's biography]

Minister Denies Decline in Foreign Investments

*BK2906105695 Jakarta SUARA PEMBARUAN
in Indonesian 28 Jun 95 p 5*

[FBIS Translated Excerpt] Jakarta, 28 June — Sanyoto Sastrowardoyo, minister of state for investment/chairman of Investment Coordinating Board, refuted a report that the volume of foreign investments in Indonesia declined sharply because of the bureaucratic process for the approval of investment applications.

Sanyoto stated this during a working session with Parliamentary Commission VI in Jakarta on Monday [26 June] in connection with a report carried by the mass media. The report stated that, based on a study conducted by JETRO (Japan External Trade Regional Organization), foreign investments in Indonesia indicated a decline. It was thought that such a decline was due to

the bureaucratic process in processing the applications for investment in Indonesia.

Sanyoto said: "This report is untrue and it has been overly dramatized. Unquestionably, should the JETRO's report prove to be true, then foreign investments in Indonesia will definitely decline. In fact, there is a rapid increase in foreign investments in Indonesia. This is not an overall increase. However, Japan's investments in the country also noted an increase."

According to Sanyoto, the approved investments in 1993 amounted to U.S.\$1.8 billion while in 1994 the investments increased further to a total amount of U.S.\$23.7 billion. However, the total value of "foreign investments recorded as of 15 June 1995 amounted to U.S.\$20.03 billion."

The approved foreign investments, particularly from Japan, have totaled to 84 investments. Some 75 investments amounting to U.S.\$1.562 billion were approved in 1994. As of 15 June 1995, 55 foreign investment projects were approved with a total value of U.S.\$824.7 million.

Sanyoto said: "This figure is not considered adequately aggressive, but only represents the facts."

Sanyoto added that JETRO actually found that the situation in Indonesia is good. This was observed through the keen interest displayed by Japanese industrialists wishing to relocate their industries in Indonesia. Japanese industrialists displayed a greater and keener interest in investing in Indonesia compared with the other ASEAN countries.

On the issue of country risk [preceding two words in English], Sanyoto said that, actually, such a risk will not have a direct influence on the flow of investments into a country. The investors only consider this risk as a common regional factor or only regard it as a normal risk for the country concerned. [passage omitted]

Importance of New Rail, Bus Terminal Viewed

*BK3006141495 Jakarta GATRA in Indonesian
17 Jun 95 p 72*

[FBIS Translated Text] In anticipation of potential transportation problem in 2000, Jakarta is preparing a giant transportation terminal in Manggarai District. The first stage of the Manggarai Integrated Transportation Terminal, to be built by a consortium of seven companies led by [President Suharto's daughter] Siti Hardiyanto Rukmana, will occupy a 72-hectare plot belonging to the State Railway Enterprise. The plan to build the new terminal at the cost of U.S.\$285 million was reported by the consortium to President Suharto at the Bina Graha presidential office on Monday last week.

Siti Hardiyanti reported that administrative and technical preparations for the project are being done and expected to be completed by mid-August. She expressed hope that the consortium and the State Railway Enterprise will have signed the agreement on the construction of the prestigious project by 17 August [Indonesian independence day]. If the construction proceeds smoothly, the project is scheduled for completion between four and five years. Development of the areas surrounding the terminal will continue until 2006.

With the completion of the project, it is hoped that it will alleviate the worsening traffic congestion in Jakarta. The new integrated terminal is designed to cope with a two-way flow of 3,600 intercity buses and 5,760 city buses, which will depart at intervals of five to 10 minutes. The terminal is projected to serve 6.5 million passengers daily.

The existing railway station will be upgraded to 22 railway tracks above ground and four tracks underground. The terminal will also have a taxi stand and parking area for 2,000 vehicles. Within the complex, people can just walk and change their mode of transportation. The terminal will also have luxury and medium-level hotels for passengers coming from outside Jakarta. "The project is indeed an integrated terminal because it has transportation facilities, hotel, shopping, and office complex," said Communications Minister Haryanto Danudirto.

The minister said the Manggarai District in south Jakarta has been selected for the integrated terminal because the land belongs to the State Railway Enterprise and the government will find it easier to expropriate the area. The Manggarai railway station has a central location in the overall development of Jakarta City. "Passengers coming from outside Jakarta can easily enter Manggarai station and travel further into the city," the minister said.

The integrated terminal, designed by Peter Plan of the U.S. Ellerbe Becket consultant office, has the shape of a Betawi woman's headscarf. The size of the terminal will also be expanded to 124 hectares and will house another monumental project, namely the Islamic Cultural Center, where a mosque, a museum, exhibition and convention center, and a city square will be built.

Rahmat Ismail, chairman of the Manggarai Consortium Working Group, said the companies in charge of the project had been directly selected by the Communications Department. "The companies are selected because of their ability and past experience," said Rahmat, adding that the working group is a temporary agency before a permanent one, namely Citrautama Mitrajaya Mardisantosa Co. Ltd., is established. The agency will coordinate the activities of the seven companies, namely

Bandar Mardi Perkasa Co. Ltd. (led by Fadel Mohamad and Rahmat Ismail); Cahaya Cipta Adicemerlang (owned by Ciputra group); Citra Agratama Persada Co. Ltd. (owned by Siti Hardiyanti Rukmana); Mitraguna Tribhakti Co. Ltd. (led by Indra Bakrie); Sekar Artha Sentosa (owned by [President Suharto's son] Hutomo Mandala Putra); Suhamthabie Co. Ltd. (owned by Timmy Habibie); and Pembangunan Jaya Co. Ltd. (led by Diaz Moreno).

Rahmat said the idea to build the integrated terminal was earlier floated by former Communications Minister Azwar Anas, but the proposal could not be finalized especially on the financing aspect. After an improvement of the proposal in 1994, Minister Haryanto selected the above consortium which set up the working group. As for the design of the terminal, it is not clear who submitted it first.

The decision to build a terminal in the heart of the city followed another one initiated by the Jakarta Regional Government, which selected suburban areas like Tangerang or Bekasi as its site. Rahmat claimed that such terminals located in suburban areas still create congestion because people still need further transportation to shuttle them into the city. However, a city terminal also has its shortcomings even though it can be overcome by building expressways directly connected to the city terminal.

Another problem faced by the consortium is the land expropriation problem, especially the plots of land which do not belong to the State Railway Enterprise. If the project is expanded to cover an area of 124 hectares, the additional land will certainly include those belonging to local residents. In this case, Jakarta Governor Suryadi Sudirja has called on residents of Manggarai and its surroundings, whose land will be affected by the project, to remain calm. "We have our considerations in expropriating land belonging to the State Railway Enterprise and local residents. The expropriation process will be carried out as fair as possible," he said. He added that the project is also part of the government's efforts to rebuild Jakarta City.

The consortium has also anticipated local residents' unease over the plan to build the new terminal. "We have designed the terminal in such a way that there are two alternatives for local residents who are affected by the project. For those who still want to live near the project, we will build apartments for them. For those who want to move elsewhere, the consortium will find another location," said Rahmat. As for the expansion of the terminal beyond the land belonging to the State Railway Enterprise, the consortium will be flexible about it. "If local residents do not want to move

out, we will find other ways. We may not expand the project at all," Rahmat added.

The construction of the new terminal will greatly help those who travel on public transportation because they will have more access to railway and vehicle networks. In return, the consortium will also develop the terminal for commercial use by building new hotels, shopping complexes, housing estates, and other facilities.

Rahmat admitted that the blueprint to build the new terminal still needs further improvement. The blueprint must be thorough and financial caution must be exercised because most of the funds will come from overseas sources. "This is especially true when the yen and dollar currency rates are still fluctuating," said Rahmat. However, he stressed that the massive project will be handled by Indonesian engineers and require 3,000 to 4,000 workers.

Telecommunications MOU Signed With Chile

BK3006152695 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 30 Jun 95

[FBIS Translated Text] Indonesia and Chile signed a memorandum of understanding [MOU] on telecommunications cooperation in Jakarta this morning. Sumadi Broto D. Ningrat, director general of foreign economic relations in the Foreign Ministry, represented the Indonesian Government, while Fernando Coseno, Chilean ambassador to Indonesia, represented his government at the signing ceremony.

The MOU, among other things, fixed the policies and regulations on telecommunications systems, services, readjustment of equipment, public radio communications, international network connections, telephone services in rural areas, etcetera.

The two sides will set up a high-level joint committee to look into the implementation of the agreement. This MOU is a follow-up to the Indonesia-Chile technical agreement signed in Jakarta in 1987.

Defense Minister Discusses Status of Military

BK3006153395 Jakarta SUARA KARYA in Indonesian 30 Jun 95 p 3

[FBIS Translated Excerpt] Jakarta (SUARA KARYA) — Edi Sudrajat, minister of defense and security, has reiterated that the ABRI (Armed Forces of the Republic of Indonesia) is not taking sides with any particular sociopolitical group or organization. ABRI does not stand above any faction or group. However, ABRI, as part of the national force, occupies a position equal to all levels of society.

"ABRI has a commitment in that it is in a position equal to all groups in society. ABRI is not above or below any organization and likewise, has never taken sides with any particular group," Edi Sudrajat told a hearing session with Parliamentary Commission I [dealing with foreign affairs, national security and information] in Jakarta on Wednesday, 28 June.

He was responding to a question from parliamentarians on ABRI's current position as a sociopolitical as well as a defense and security force that provides assistance to all social groups/organizations. They also asked if ABRI stands above all groups.

"The ABRI is not above or below any social group. Its position is equal to all groups in society. The reason is, all of us are citizens of this nation and we are grouped together as a national force to face all kinds of challenges," he added.

Discrimination in Issuance of Permits

During a hearing chaired by Aisyah Amini from the PP [United Development Party] parliamentary faction, Edi Sudrajat rejected allegations that security forces had discriminated against certain groups requesting for permits to hold public gatherings. [passage omitted on permit application process]

Edi Sudrajat said: "The government has never adopted a discriminatory attitude when issuing permits to applicants. The basic principle in granting a permit is not to ban or control people's activities. Rather, the permit is to ensure that the activities will not cause public disorder or the gathering deviate from its original program."

He said the government is now studying a plan to form a team, under the chairmanship of the minister of justice, to be in charge of issuing permits. This is an important step towards more democratization. [passage omitted on deliberation on formation of the team]

China's Claim on Natunas

On the occasion, Edi Sudrajat also said that it was good for Indonesia to react to China's claim on the Natuna Islands. Otherwise, he said, China can advance further and the sovereignty of Indonesian territory will be threatened.

"It is important for us to be aware that there is a problem concerning the Natuna Islands that needs to be resolved, especially the inclusion of the islands on a map issued by China. This goes to show that China is claiming the Natunas as part of its territory.

Indonesia

Senate President Views Upcoming PRC Visit

*BK3006153995 Quezon City MALAYA in English
28 Jun 95 p 2*

[Report by Regina Bengco]

[FBIS Transcribed Text] Senate President Edgardo Angara (Laban) [Struggle of Filipino Democrats Party] yesterday clarified his trip to China on August or September this year is a "social visit," not an official trip to clear up the Spratlys issue as earlier reported.

But Angara said he will probably be given "instructions" by President Ramos to tackle the issue with Chinese officials during his visit.

Angara said he will return the visit made by Qiao Shi, chairman of the Chinese Parliament, two years ago. "I intend to go there because of his invitation."

He said he has not been informed by the Department of Foreign Affairs [DFA] that he has been tasked to take up the Spratlys issue with China's leaders.

DFA said the Philippine Government will send Angara to assure Beijing of its willingness to listen to proposals for joint exploration as contained in a report by former Ambassador to China Alfonso Yuchengco.

The Philippines is proposing an "open regime" system wherein fishermen from different country-claimants may seek shelter and food in the Spratlys regardless of who is occupying the area. This reportedly includes the structures built by China on Mischief Reef.

Ramos Delivers Annual Report to Nation 30 Jun

*BK3006131695 Quezon City DZBB Radyo Bisig
Bayan in English 0300 GMT 30 Jun 95*

[FBIS Summary] President Fidel Ramos delivered his annual "Report to the Nation" today [30 June] at 0300 GMT from the Ceremonial Hall in Malacanang Palace.

President Ramos opened his speech by pointing to the significance of this year's report as the nation stands "at the midpoint of my presidential term." Reflecting on the first three years of his administration, he confidently declared that his administration has "brought this country to the threshold of modernization and progress."

Along with instituting economic and structural reforms, the president stressed that his administration has been committed "to make peace and to keep it whenever we could." As proof, he pointed to the decline of the criminal index from 13.7 percent per 100,000 people in 1992 to 11.9 percent in 1994; and the government's efforts at promoting the "peace process [with Muslim,

military, and communist rebel groups] that has been widely regarded as model for other developing countries with internal armed conflict." To ensure stability of peace and order situation in the country, the president pledged to strengthen his position in fighting "guns, goons, and gold and influence" especially among corrupt government officials.

On infrastructure, the president highlighted the building of road networks that connect the different growth areas on the main islands of Luzon, Visayas, and Mindanao and the opening of Subic and Davao international airports and rehabilitation of 32 other airports including Ninoy Aquino International Airport.

Along with the dismantling of monopolies and cartels, and instituting banking and finance liberalization, the president stressed that "the liberalization of our telecommunications sector has been one of our most exciting and beneficial moves, creating a competitive telecommunication sector in Asia-Pacific."

The economic success gained in 1994 at 5.4 percent GNP growth and 5.2 percent in first quarter of 1995 gives the president the confidence to declare that the country will attain 6.5 percent GNP growth for the year 1995, with the assurance that "our present economic growth is driven by structural fundamentals, exports, and direct investments. The new strength of our economy proves itself as it weathered the energy problem, domestic supply problems caused by calamities, and external shocks like the recent Mexican crisis."

The president emphasized that economic success does not mean development if it is not equitably shared by the people. Thus, in order to realize this, the president disclosed the launching of a social reform agenda to address basic inequities in society, to make improvements made in the education sector, to institute health programs of the government, and to protect overseas contract workers.

In terms of foreign policy, the president stated: "The Philippines reaffirms its solidarity with its Asian neighbors by consistently supporting economic, political, social, and cultural activities and strengthening regional ties and remaining committed to the implementation of the ASEAN Free Trade Area, or AFTA," and the Philippines' participation in Asia Pacific Economic Cooperation, EAGA [East ASEAN Growth Area] and accession to GATT.

On the issue of international terrorism, the president discussed that in order "...to strengthen our national security posture, particularly against international terrorism, we forged joint defense cooperation agreements with other countries, upgraded our airport security system,

and contributed to the arrest and prosecution of notorious terrorists wanted around the world."

On the territorial dispute with neighboring countries, the president relates: "With great success, we employed peaceful approaches in our territorial disputes with our neighbors, while at the same time asserting our territorial sovereignty."

In concluding his speech, the president issued this challenge to the Filipino people: "Together, let us answer the summon and show the world the nation that we can become: a democratic, just, peaceful and progressive Philippines. And so, I say to all of you: stay with me, stay together; and to our foreign friends, stay with us Filipinos for the best is yet to come."

BOI Industrialization Strategy Outlined

BK3006153895 Manila PHILIPPINE DAILY INQUIRER in English 28 Jun 95 p B1

[FBIS Transcribed Text] The Board of Investments (BOI) is pursuing an industrialization strategy involving the development of 12 major industrial projects similar to those in the early 1980s.

Trade and Industry Undersecretary and BOI vice chair Melito S. Salazar, Jr. said these projects form part of the overall strategy of the government that is aimed at globalization of local industries, job creation, and countryside development.

Salazar identified these basic industries as copper smelter, fertilizer, engine manufacturing, heavy engineering, cocochemical plant, integrated pulp and paper mill, aluminum smelter, cement, petrochemical complex, power plants, iron and steel, and agro industries.

He said most of these projects have already been put in place during the term of former Trade Secretary Roberto Ongpin but these now have to be rehabilitated, modernized, and expanded.

Among the 11 major industrial projects in the early 1980s that materialized were Philippine Phosphate Fertilizer Corp. (Philphos), Philippine Associated Smelting and Refining Corp. (Pasar), Paper Industries Corporation of the Philippines (Picop), and National Steel Corp. (NSC).

He admitted that most of these industrial projects did not fare well because the market then was too small and not yet prepared for these industries.

The government, he said, believed that these projects have become more viable now that the market has grown big enough and with new opportunities brought by the liberalization of world trade.

Salazar said the government's current industrialization strategy is focused on industry expansion, integration, and dispersal.

Industry expansion would entail the restoration of industry capacity through modernization and rehabilitation, increase in capacity of existing facilities, and establishment of new facilities.

Integration of local industries will focus on the establishment, modernization, and rehabilitation of strategic basic industries; development of competitive small and medium scale enterprises which are considered support industries; enhancement of agro-industrial linkages; and, operation of backward linkages program.

Mexico Crisis Results in Less Foreign Investment

BK3006154695 Manila PHILIPPINE DAILY INQUIRER in English 28 Jun 95 p B1

[Report by Margie Quimpo-Espino]

[FBIS Transcribed Text] Foreign investments during the first quarter of the year were \$248 million lower than the amount that came in during the same period last year.

Data from the Bangko Sentral ng Pilipinas (BSP) [Central Bank of the Philippines] showed that from January to March this year, portfolio and direct investments totalled \$1.01 billion as against \$1.258 billion last year.

The drop was traced to the aftermath of the Mexican crisis, which triggered a capital flight from emerging markets that included the Philippines.

With the big drop in the value of the Mexican peso, institutional investors became wary of developing economies, which earlier posted substantial growths in their capital markets, prompting them to go back to the developed nations such as the United States.

However, despite the overall decline, portfolio investments for the first quarter this year reached \$817.62 billion, or \$117 million, higher than last year's \$700 million.

Direct investments, however, dropped from \$557.61 million to \$196.5 million.

The figures for the second quarter were estimated to be higher as more inflows have been coming in the country, resulting in an appreciation of the peso.

Meantime, a table on the yields of Philippine bonds sold in the international market showed a relatively bullish attitude among foreign investors in the country.

The June 26 table showed that the \$150-million bonds floated by the government in February 1993 carried only a 0.297 spread over U.S. Treasury bills.

Thailand

Parties' Foreign Policies Detailed

BK0207092895 Bangkok SIAM RAT in Thai 27 Jun 95 p 4

[Unattributed article: "Foreign Policy Positions of Political Parties"]

[FBIS Translated Text] At the time when the country cannot avoid contact with other countries in economic, political, social, and cultural fields, the foreign policy of the Thai Government is very important. Following are the foreign policies of various political parties expounded during their election campaigns. Any of those policies could become the policy of the new government.

Chat Thai Party: The party will push Thailand to play an important role, offensive and defensive, in international political relations, trade, and investment. It will promote Thailand's role as leader in the development of neighboring countries, and countries in this subregion and in Southeast Asia. It will promote cooperation with neighboring countries, especially those in Indochina, in the fields of trade, investment, transport and communications. It will create for Thailand a new strategy in global trade.

Democrat Party: There is no direct reference to foreign policies in the Democrat Party's booklet on policies and achievements of the party. There is only a mention of economic policies in a review of the party's efforts to promote economic cooperation with neighboring countries. The party pledges to promote Thailand as regional center for trade and investment through an establishment of the Growth Triangle with Malaysia and Indonesia; the Mekong Subregional Development Program with China, Cambodia, Burma, Laos, and Vietnam; and also a network of economic cooperation between Thailand, India and Sri Lanka.

New Aspiration Party: The party stresses promotion of peace and settlement of international problems through peaceful means. It promotes good relations with foreign countries to benefit common interests in political, economic, social, and cultural areas, on the basis the principles of equality, international law, and the UN Charter. It will protect the legitimate interests of Thailand and the Thai people abroad.

Phalang Tham Party: The party will improve Thailand's role and status in the international arena by making it assume leadership in creating constructive relations among Southeast Asian nations, with a view to promoting regional stability and security. It will pursue a

foreign policy which promotes good relations and political, economic, scientific, social, and cultural cooperation among countries in various regions of the world. In its conduct of foreign policy, the party will combine "economic" with "political" approaches to achieve a suitable role and status for Thailand, in keeping with economic, political and trade developments in the world. To enhance Thailand's role in international relations, the party will boost the country's participation in major international organizations such as the United Nations, the World Trade Organization, and organizations of developing countries.

Nam Thai Party: The party's foreign policy answers to national interests, both short-term and long-term, and complements the political, social, economic, and security policies of the country. The party upholds commitments which Thailand has with other countries under various treaties and agreements. The party's foreign policy will serve as an instrument for promoting trade in goods and services, investment, technology transfer, and the tourism industry in a bid to preserve and expand national economic interests. It will cooperate with world powers and international organizations in a bid to preserve and promote international peace and stability, especially in Asia and the Pacific, with a view to promoting economic prosperity in the region. Also the party promotes the United Nations' role regarding preventive diplomacy as a means to safeguard world peace. The party promotes cooperation with neighboring countries with respect to the principle of peaceful coexistence and noninterference in the internal affairs of each other. It will give Thailand a constructive role and positive image in the eyes of international community, especially the role of promoting freedom, democracy, justice and righteousness, with respect to human rights, fundamental needs of mankind, and ecological balance.

Social Action Party: The party gives priority to national sovereignty and national security because, without them, the nation can do nothing. The party will preserve national sovereignty and security with all its capability. It will promote peace and peaceful coexistence among countries, especially those in Southeast Asia, by upholding the principle of correctness, sincerity, and noninterference in the internal affairs of each other. It supports the principles in the UN charter and the International Convention on Human Rights. Its foreign policy will serve to promote national economic interests through the expansion of markets for Thai goods and labor force. It will try to get fair prices for Thai goods. It will fight against trade protectionism which targets against Thai products.

Solidarity Party: The party upholds the policy of friendship with all countries, on the basis of equality, regard-

less of differences in economic and political ideologies. It respects independence, sovereignty, territorial integrity, and the honor of all countries. It upholds and will strictly honor provisions in the UN charter and the International Convention on Human Rights. The party upholds the principle of friendly relations for the sake of mutual interests. It will cooperate with other countries in a bid to contribute to international development and eliminate problems and gaps between nations. The party's foreign policies will respond to national development in economic, scientific, technological, educational, and cultural fields, as well as to support the national security policy. The party will take steps, internally and externally, to render full support to other countries' efforts to reduce and eliminate the danger of war, armed struggle, and conflicts and confrontation of all forms in a bid to achieve long-lasting peace for the people the world over.

Seri Tham Party: It upholds Thailand's commitments under treaties it has with foreign countries, under provisions of the UN Charter and Convention on Human Rights, and other international agreements of which Thailand is a signatory. This will boost the country's pride and honor, and contribute to national economic, political, and social stability. The party will promote Thailand's role and its chance to become an economic, financial, monetary, commercial, and communications center in this region. It will forge friendship, good understanding and cooperation with all countries in the world, especially its neighbors in Southeast Asia. It will promote economic ties and cooperation with its trade partners under the principles of the free market system and fair competition. It will contribute efforts to reduce international conflicts in trade and investment, technology transfer, and protection to intellectual property rights. It will do its best to promote investment and protect the interests of Thai nationals, workers, and private sectors abroad. It will push for Thailand and the Thai people to play a leading role in the international forum, especially in the leadership at various international organizations.

Prachakon Thai Party: The party will preserve and promote friendly relations with all countries which desire to be friends with Thailand, based on the principle of respect in independence and sovereignty of other countries.

Muanchon Party: It upholds the policy of friendship with all countries based on the principle of noninterference and freedom from exploitation or intimidation from each other. It will strengthen friendly ties with Thailand's allies on the basis of reciprocity. It will resort to diplomatic approaches in solving international conflicts and promoting Thailand's economic interests.

It upholds provisions in the UN charter and commitments under treaties and agreements it has with other countries on the basis of justice and equality.

Damrong Thai Party: The party will strengthen ties with all countries, especially its neighbors, to enhance national security and protect national independence and sovereignty. To promote economic prosperity and peace for the Thai people, the party will cooperate with other countries with similar ideologies, such as ASEAN, East Asian countries and the Pacific countries. It will strengthen cooperation among countries in the bloc and region to build potential for joint development. It upholds and will honor Thailand's commitments under treaties and agreements signed with other countries. Particularly, it will promote the role of the United Nations in safeguarding peace for the nations.

Major Parties Weigh Post-Election Coalitions

BK0107120095 Bangkok THE NATION in English
1 Jul 95 pp A 1, 3

[FBIS Transcribed Text] No Democrats in a Chat Thai-led government. No Phalang Tham in a Democrat-headed coalition. Apart from that, nothing seems certain on the eve of the general election in which three blocs are competing with nearly equal power.

Even arch-rivals the Democrat and Chat Thai parties indicated yesterday the chances of them forming a post-election coalition together have not been completely ruled out, although it is clear now the Democrats will not join a Chat Thai-led government.

The Democrats have confirmed that if they emerge the strongest from tomorrow's election, the only party they could not accept as a government partner is Phalang Tham. This leaves open the possibility of Chat Thai joining a Democrat-led government.

The Chat Thai and Democrat parties exchanged rare positive signals yesterday, amid signs that Prime Minister Chuan Likphai's camp is regaining lost ground and could pull off a surprise victory tomorrow.

Chat Thai leader Banhan Sinlapa-acha yesterday conspicuously played himself down as a potential candidate for the premiership.

"I'm not sure whether I will be reelected. In fact, Chat Thai is not campaigning for anyone to become prime minister.

"The party candidates who support me as the next premier do so purely on their own behalf. Let's wait and see the election results," Banhan said.

"The number of potential votes for our candidates seems to fail every day. I don't know how many seats we will get," he said.

In a later interview in Nakhon Pathom, where he was linked with Democrat leader Chuan Likphai in Trang via satellite on a TV Channel 9 broadcast, Banhan was asked by moderator Suthichai Yun if he would join a Democrat-led government.

"I can't say that now," he replied.

Chuan reiterated his party's commitment to its present allies— Chat Phatthana, Seritham and Solidarity — but did not reject Chat Thai outright. "It's hard to tell now," he said.

Banhan and Prime Minister Chuan are considered the sole front-runners for the top political job, and the odds had been on Banhan until recently when the Chat Thai leader suffered one setback after another.

Last Sunday Banhan was embarrassed in front of a TV audience when he awkwardly responded to questions about senior party members hounded by US allegations of involvement in drug trafficking.

Later the New Aspiration Party, expected to be the third or fourth largest after the election, distanced itself from a Chat Thai alliance and declared itself a non-aligned force.

On Thursday, canvassers for Chat Thai veteran Newin Chitchop were arrested with Bt11 million in cash on charges of vote-buying. The same day, the latest nationwide opinion poll showed the Democrats had a slight edge over Chat Thai.

Banhan also denied reports that he had discussed the formation of the next government with the PDP. "That's not true. My brain is tired now and I don't want to think about anything."

Meanwhile, Democrat spokesman Aphisit Wetchachiwa said that Phalang Tham was most unlikely to be included in another Democrat-led coalition government.

"They withdrew from the government earlier. The PDP leader also announced that his party would not join a Democrat-led coalition, which led to speculation that the PDP may unite with Chat Thai," Aphisit said.

"Any group that controls a majority (in the House of Representatives) will be able to form the next government. The Democrats may become part of the opposition, but I believe that many parties will be willing to join us," he said.

The Democrats may have confirmed their alliance with Chat Phatthana, Seritham and Solidarity, but Chat

Phatthana sources said privately that the party would be "flexible", depending on who won the biggest number of seats.

Chat Thai has been assured of allegiance by the Social Action, Prachakon Thai and Muanchon parties.

This leaves three medium-sized parties — New Aspiration, Phalang Tham and Nam Thai — as a centrist force, with New Aspiration likely to wield the greatest bargaining axe.

Though this bloc would not be able to form its own government, its members would become crucial variables to decide the future of Democrats and Chat Thai.

General Election Held as Scheduled

BK0207094495 Bangkok Radio Thailand Network
in Thai 0530 GMT 2 Jul 95

[FBIS Translated Text] Thailand's 2 July general election started at 0800 [0100 GMT] today. Eligible voters actively cast ballots.

The correspondent in Nakhon Ratchasima Province reported that, at 0800 today, General Prem Tinsulanon, member of the Privy Council and statesman, left his residence on Supsiri Road in the Central District of the province to vote at polling station no. 113. He was listed as voter no. 43.

After casting his vote, General Prem said that he appealed to everyone to do their duty by casting ballots in today's election for the benefit of the country.

Official General Election Results Reported

BK0307012295 Bangkok Radio Thailand Network
in Thai 0000 GMT 3 Jul 95

[FBIS Translated Excerpt] Local Administration Department Director General Chuwong Chayabut has reported the 1995 general election results for Bangkok and 75 provinces. He stated that there are 155 constituencies represented by 391 seats in the House of Representatives. There are 37,817,983 eligible voters nationwide. 23,462,746 voters cast their ballots, representing 62.04 percent of the total number of eligible voters. There were 678,716 invalid ballots, representing 2.89 percent of the total ballot. 221,609 voters indicated abstentions on their ballot papers, representing 0.94 percent of the total ballot.

The election results for the political parties are as follows:

| | |
|----------------------|----------|
| Chat Thai Party | 92 seats |
| Democrat Party | 86 seats |
| New Aspiration Party | 57 seats |
| Chat Phatthana Party | 53 seats |
| Phalang Tham Party | 23 seats |
| Social Action Party | 22 seats |
| Prachakon Thai Party | 18 seats |
| Nam Thai Party | 18 seats |
| Seritham Thai Party | 11 seats |
| Solidarity Party | 8 seats |
| Muanchon Party | 3 seats |
| Damrong Thai Party | no seats |

[passage omitted on statistics for the 1992 general election]

Democrats Stumble in Bangkok, Northeast

BK0307014295 Bangkok THE NATION in English
3 Jul 95 pp A1, A3

[FBIS Transcribed Text] The Chat Thai Party captured 93 House seats in yesterday's general election, narrowly defeating the ruling Democrat Party, which won 86 seats. Both parties consolidated power in their respective strongholds in the central and southern regions.

The Chat Thai Party yesterday maintained its domination of the central provinces, winning 45 out of the region's 91 available House seats, according to unofficial results.

The Democrat Party also bettered its performance in the southern provinces, winning 46 out of 51 available seats. The Democrat Party is the only party that won House seats in all regions of the country.

The Democrat Party was humbled mainly because of an unexpected poor showing in Bangkok and the Northeast.

Party officials expected more than the 17 seats it won in the Northeast in the last election but managed to grab only 14. In Bangkok, the Democrat Party also fared less well than the targeted 11 seats and had to settle for only seven, two seats fewer than in the previous nationwide polls.

Democrat Secretary-General Sanan Khachonprasat said the Democrat's lackluster performance in the Northeast could be attributed to rampant vote-buying.

The New Aspiration Party came in third, winning 56 House seats, because of its supremacy in the Northeast,

where it grabbed 33 seats, an increase of two from the previous election.

Chat Phatthana was ranked fourth, with 53 seats, 27 of which were from the Northeast. Social Action and Phalang Tham shared the fifth place, with 23 seats each. Prachakon Thai and Nam Thai shared the sixth place, with 17 seats each.

Seventh place went to Seritham Party, winning 10 seats, while Solidarity came in eighth, with eight seats, with its leader suffering a humiliating defeat in Chonburi. The Muanchon Party came in ninth, with only three House seats. Damrong Thai failed to win any seats.

Surprises, Upsets Characterize Election

*BK0307070495 Bangkok THE NATION in English
3 Jul 95 pp A1, A3*

[FBIS Transcribed Text] It was a day full of surprises and upsets. Veterans who looked like sure winners in yesterday's polls ended up in defeat while political greenhorns turned their election debuts into triumphs.

Outgoing Commerce Minister Uthai Phimchaichon suffered his first loss in an election in Chon Buri at the hands of Somchai Khunplum, the influential kamnan of the eastern coast.

Although Somchai did not run in the elections himself, he was instrumental in engineering victory for the six Chat Thai candidates in the province, including his two sons.

Uthai, leader of the Solidarity Party and a political veteran of more than 25 years, blamed vote-buying for his defeat.

Narong Wongwan, a prominent member of the Chat Thai Party, lost his seat in Phrae where he was supposed to have the most influence. The business tycoon leads a powerful faction of northern politicians in the Chat Thai Party but recently became a major embarrassment for party leader Banhan Sinlapa-acha because of the recurring American accusations that he is linked to drug traffickers.

Narong's defeat, which has definitely undermined his bargaining power in the party, should have come as a big relief to Banhan, according to political observers. Narong was tipped to take a portfolio in a Chat Thai-led coalition — a prospect which had raised widespread outcry in the media.

Former House speaker Marut Bunnak of the Democrat Party fought one of the biggest political duels of his life yesterday but lost at the eleventh hour to young newcomer Orathai Kanchanachusak of the Phalang

Tham Party [PDP] who took third place in Constituency 2.

It was a neck-and-neck race between the two before the 28-year-old daughter of a well-known boxing promoter was declared the winner by a very slim margin. Democrat supporters immediately disputed the result and a recount is certain to be demanded.

Another major upset was reported in Bangkok's Constituency 4 where all the three Democrat candidates, including Prime Minister's Office Minister Dr Sawit Phothiwiwok and outgoing government spokesman Akkharaphon Sorasuchat lost their seats.

Well-known TV news caster Sansani Nakphong of the Phalang Tham Party, who was making her political debut, scored a surprise victory in one of the three seats in Constituency 4. The other two seats went to the Prachakon Thai Party.

Of course, not all the renowned first timers were lucky.

M.R. Sukhumphan Boriphat and M.R. Kasemsamoson Kasemsi of the Nam Thai Party and Kraisak Chunhawan of Chat Phatthana had banked on their reputation to win in their first elections. Indeed they were more successful in making the headlines than many of their rivals in the Bangkok constituencies they were contesting. But ultimately they found to their great disappointment that encouraging words did not translate into enough votes.

None of the Nam Thai Party's veterans, including former communications minister Col Winai Somphong and Dr Udomsin Sisaengnam, went close to winning a seat in Bangkok. Former foreign minister Krasae Chanawong of the PDP also failed to be re-elected.

Thawit Klinprathum, another powerful figure in the Chat Thai Party, also lost in Ratchaburi.

Chat Thai's Banhan To Lead New Government

*BK0307010495 Bangkok BANGKOK POST
in English 3 Jul 95 pp 1, 20*

[FBIS Transcribed Text] The victorious Chat Thai along with former Opposition partners and Phalang Tham Party announced early this morning an agreement to form the next coalition government with Mr Banhan Sinlapa-acha as their prime minister.

The agreement was reached late last night following Chat Thai's slim victory over the Democrat Party in the polls yesterday.

Joining Mr Banhan at a joint press conference at Princess Hotel after midnight were New Aspiration [NAP] leader Chawalit Yongchaiyut, Social

Action [SAP] leader Montri Phongphanit, PDP [Phalang Tham] Secretary-General Sudarat Keyuraphan, Prachakon Thai leader Samak Suntharawet and Muan Chon leader Chaloeun Yubamrung. NAP Secretary-General Sukkhawit Rangsitphon was also present.

Mr Banhan said his six-party coalition is expected to command a combined 216 seats in the Lower House, sufficient to ensure its stability.

Chat Thai according to an unofficial counts late last night, clinched 93 seats nationwide, followed by Democrat (86), NAP (56), PDP (23), SAP (23), Prachakon Thai (18) Nam Thai (18), Seritham 10, Solidarity (8) and Muan Chon (3). Chat Phatthana obtained 53 seats.

Earlier, a seven-point joint policy was agreed on at a meeting held at 9 p.m. yesterday, Mr Banhan said. The draft gave top priority to efforts to eradicate poverty and to curb the rising prices of essential consumer goods.

Other key policy issues which the alliance placed high on its agenda are:

- To turn Thailand into the regional hub for trade and communications;
- Political reform to enhance a greater accountability of the political officials;
- Accelerate the distribution of power and wealth to the rural area;
- Ensure the completion of the 1996 budget bill before October this year;
- Affect urgent correction to land reform problems
- Speed up efforts to solve the traffic and environment problems and improve quality of urban.

"We will start working immediately without indulging in any sort of political squabbles to avoid any waste of time," said Mr Banhan who added that discussions on the Cabinet line-up would be held this morning.

The six parties formally signed an agreement to jointly form the new coalition government and pledged to perform their duty with honesty.

The larger seat number obtained by the former Opposition members reflected the people's mandate to give them a chance to form the new government.

Calling themselves the "Thai Development Front," the six parties pledged to support Chat Thai leader Banhan as the new prime minister and to administer the country strictly according to the Constitution.

They also pledged to uphold His Majesty the King's desire to rule the country with righteousness and for the well-being of the people.

Conflicts that may emerge in the coalition would be settled based on national interests while public hearings will also provide a basis for the government's decisions on major or controversial issues so that the interest of the majority will prevail.

The group also promised to fairly distribute their responsibility in the Cabinet based on the national interest and their operation [as published].

They also promised not to disappoint the people and vowed to select the right people to Cabinet posts.

Mrs Sudarat Keyuraphan said the PDP had agreed to join the Chat Thai-led coalition after being assured by Mr Banhan that it will be given a chance to oversee traffic problems and that he will not appoint some people with shady backgrounds to Cabinet posts.

However, Chat Thai sources said that despite Mr Banhan's assurance, Chat Thai may still appoint its deputy leader Watthana Atsawahem to oversee the labor portfolio.

PDP Leader Thaksin Chinnawat commented yesterday that some Chat Thai members should be given a chance to assume Cabinet portfolios if their backgrounds are "gray" and not completely "black".

Although the United States denied Mr Watthana a visa to travel to the U.S. because of what it alleged were drug links, the Chat Thai leadership has defended his record, saying the allegations have never been proved.

While Prime Minister Chuan Likphai refused to concede defeat last night, Democrat Secretary-General Sanan Khachonprasat accepted the loss handed to his party by voters.

The Democrat will not attempt to compete with Chat Thai but will give it a chance to try to form the next coalition, Maj-Gen [Major General] Sanan said.

Talking to reporters at his residence in Nonthaburi Province, Maj-Gen Sanan said the Democrats will have to accept the people's decision.

In a matter of little over two and a half years the Democrat Party has moved from the high to a low in public opinion.

"This is something we can tolerate," he said.

Seritham, Solidarity and Chat Phatthana parties have offered to stand with the Democrats in the opposition, he said.

In refusing to concede defeat yesterday Mr Chuan said he would wait until the official results are announced today.

The Democrats are ready to serve out in the Opposition should Chat Thai beat his party in the official count, he said.

"We have to let them try first. Things will be clearer when the parliament president is nominated.

"If Chat Thai gets more seats then it can form the government. I am ready to be in the opposition," Mr Chuan said.

Mr Chuan spent most of yesterday inside his Trang Province [and] did not come out until about 9 p.m. to speak to reporters.

Other key Democrats gathered at Sanan home in Non-thaburi to monitor the situation.

Among them were Finance Minister Tharin Nimmanhemmin, Deputy Prime Minister Banyat Banthathan and Deputy Interior Minister Suthat Ngoen-mun. Thanayong chief executive Khiri Kanchanaphat was also present.

Party sources said there were loud cheers from supporters as the party fought a neck-to-neck race with Chat Thai after vote count began yesterday but silence prevailed after they learned of the loss to Chat Thai.

Mr Suthat, who headed the Democrat team in the Northeast was tense because of his candidates' poor showing in that region.

Mr Chuan declined to say whether his party's slim defeat could be attributed to the Democrats' blunder over the land reform scheme.

He said he could not gauge the feelings of the public but he believed that in general the public had not paid much attention to the issue.

He said the Democrats' former allies in the coalition were free to join Chat Thai in the new coalition.

Papers Comment on Election, New Coalition

BK0307121995

[FBIS Editorial Report] Bangkok MATICHON in Thai, Bangkok SIAM RAT in Thai, Bangkok SIAM POST in Thai, and Bangkok KRUNGTHAP THURAKIT in Thai on 3 July publish editorials and a front-page commentary respectively commenting on the result of the 2 July general election and the formation of a new coalition government by the Chat Thai Party.

MATICHON's 400-word editorial, on page 2, entitled: "What Are the Ingredients of the New Government?" stresses that "the result of the 2 July general election is the people's mandate that we must accept under the rule of the democratic system. Although the system is still far from perfect, everyone must join hands to work for improvement with the hope that all sectors will have

the opportunity to participate in the formulation of the practical rules for the well-being of our society."

The editorial notes: "It is certain that we will never allow those in the new government to abuse the power given to them by the people. We will continue to comment on the policies and performance of the parties forming the new coalition government. It remains to be seen if they join the government with the intention to translate their policies into realities or merely to acquire some ministerial posts to be exploited for personal gains—a practice detrimental to the democratic system, government's efficiency, and political stability.

"Close observation of the behavior of the political parties during the formation of the coalition will create pressure forcing the new government to work faithfully. It is their policies the people voted for, which gives them a chance to join the coalition."

SIAM RAT's 450-word editorial on page 3, entitled: "Time To Change the Method of Forming a Coalition Government," says the failure to obtain the absolute majority vote from the Sunday general election indicates that "the people do not feel that any particular political party is trustworthy enough to form a government to run the country. By tradition, the party that has won most of the seats in the House of Representatives is allowed to act as a core in forming a coalition, and its leader appointed the prime minister." However, if the people really want the leader of any particular party to be the prime minister, they would have voted to give most of the seats in the House to that party.

The paper concludes by saying "the collapse of the governments in the past is an indication that the traditional practice we used to form a coalition is not right and should be changed. In particular, we believe that the people still do not accept the party system. In case no political party commands the majority vote in the House from the general election, the power to appoint the prime minister should be transferred to the House speaker. In other words, instead of having the party that commands the highest number of seats in the House choose the prime minister, let members of the House of Representatives vote to appoint the prime minister."

SIAM POST's 400-word editorial, on page 4, entitled: "Do Not Kill Democracy," says that Chat Thai Party has the right to form a new coalition government because it has won more seats than any other party. However, it is expected to encounter some obstacles as it was reported earlier that small and medium-sized parties were also planning to get together to set up their own coalition.

The editorial points out that unscrupulous politicians who place personal gains over the interests of the country and people are trampling on the good democratic culture and rules. They spent huge amounts of money to buy votes so that they will have an opportunity to form their own government.

"As a rule of the democratic system, the party that has won more seats in the House of Representatives should be given the opportunity to form the new government to run the country. Other parties not included in the coalition automatically join the opposition. The ongoing lobbying by parties with fewer seats in the House is tantamount to an act of the gang assassination of the democratic system."

KRUNGTHERP THURAKIT's front-page commentary, entitled: "Banhan Must Consider These Issues," says: "At this moment, it is apparent that the Chat Thai Party will be the core in forming the new government with its leader Banhan Sinlapa-acha as prime minister. We in the mass media circles wholeheartedly have confidence in the democratic system and accept him as the new leader of the country."

The commentary continues: "We have nothing against Banhan as the new leader of the country. However, we do have numerous issues for him to be aware of both before and after the formation of the new cabinet. First, he must put emphasis on qualifications of the people who will join his government. They must be ethically sound and competent and have no bad records. He must not forget many people in the Chat Thai Party have been prosecuted for or involved in the narcotics trade, smuggling, gambling, and other illicit activities. Many of them are mafia godfathers. Such an image is unacceptable to the Thai people and foreign countries.

"Second, Banhan should be able to recall that the people used to be suspicious of the Chat Thai Party's honesty when it was the core of the coalition. In those days, the people called his government a 'buffet cabinet' because the ministers were reputed for their corrupt practices."

The commentary adds: "Third, Banhan must not forget his 'three-will' promise. He has promised to the people during the election campaigns that his government will develop rural areas, solve all left-over problems, and, most important of all, further develop the democratic system. We still remember that he has pledged to 'reform the political system.'"

In conclusion, the commentary says: "We believe that Banhan can be a good leader acceptable both at home and abroad if he can prove his honesty and sincerity and make good on the promises he has made with the people. If he is unable to do so, his Chat Thai Party

should not form the new government because it will encounter all kinds of problems and lack stability. It will not last. The people will eventually punish him and his party and force them out of power."

Anticipated Problems for Banhan Coalition Noted

*BK0307013595 Bangkok BANGKOK POST
in English 3 Jul 95 pp 1, 20*

[*"Analysis": "Banhan Will Have To Navigate Way Through Troubled Waters"*]

[*FBIS Transcribed Text*] The formation of the new coalition government appears likely to be completed sooner than expected and indicates the determination of Chat Thai's leader, Banhan Sinlapa-acha, to become prime minister. Like him or not, Mr Banhan has shown that he is a survivor who is able to come back despite the most severe political setbacks.

His party's greatest blow occurred when the National Peace-keeping Council (NPKC) seized his assets and those of his key party members following the military coup that toppled the Chatchai Government.

In the elections that followed in March and September of 1992, Chat Thai retained its numbers. In the runup to yesterday's election, he had clearly set his sights on the premiership.

He took the best shots his opponents could muster: accusations that Chat Thai had bought MPs, close scrutiny from the government's special task force against vote-buying; questions raised concerning his suitability for the premiership; and being placed on the spot regarding the possible appointments of Watthana Atsavaheem and Narong Wongwan to the Cabinet.

The Chat Thai leader realizes that his loose alliance with the New Aspiration, Prachakon Thai, Social Action and Muan Chon parties would be insufficient to form a stable government, thus explaining his move to include medium-sized parties in the coalition.

Should Mr Banhan become successful in his bid to form this country's next coalition government, there are still a number of obstacles to overcome. Certainly the defeat of Narong Wongwan in Phrae Province yesterday has to a certain extent removed one obstacle blocking his success.

But he still has to convince the Bangkok public that he is suitable for the premiership. He would need to somehow bolster public confidence which appears certain to drop once the realization sinks in that the man named Banhan is expected to be prime minister. In addition, he must answer the question of whether Mr Watthana will be appointed to his Cabinet.

If public opposition over his suitability for the premiership emerges and gains momentum, some political analysts believe he may be forced to allow the leader of another political party in his alliance to become the prime minister.

During the election campaign when Chat Thai was tipped to capture the most seats, Chat Phatthana's Gen [General] Chatchai predicted there was a possibility that the leader of the largest party in the House might not become the prime minister.

Another political analyst added that the leaders of parties with between 50-60 seats such as New Aspiration could emerge as prime ministerial candidates.

Under this scenario, Gen Chawalit could make costly demands on Chat Thai.

The Watthana problem cannot be underestimated in terms of its effect on the stability of the Chat Thai Party itself.

When Mr Banhan was asked whether he would appoint Mr Watthana to the Cabinet, all he could say was that he would have to gauge public sentiment before deciding.

This comment has caused uneasiness between Mr Banhan and Mr Watthana, who has expressed his displeasure publicly.

A decision by the Chat Thai leader to respond to public sentiment could trigger off instability in his party as Mr Watthana controls MPs in it.

The fact that Phalang Tham has agreed to join a Chat Thai-led coalition appears to indicate that Mr Banhan may have a way out of the sticky issue of having MPs with questionable backgrounds in his Cabinet.

Phalang Tham has made it clear that it would only join a coalition government if MPs of questionable backgrounds are not included. One way out for Mr Banhan could be for Mr Watthana not to accept a post but that he be allowed to nominate a proxy.

While Mr Banhan appears to be well on his way to the prime minister's chair, it would be premature to assume that the road will be a smooth one.

Thaksin Chinnawat's decision to join Chat Thai is certain to raise a number of eyebrows and hard questioning.

After the process of musical chairs for Cabinet posts is over, stability is not assured. Dissatisfied factions within coalition parties would have to be overcome, especially by those who missed out on Cabinet portfolios.

More importantly, however, a Chat Thai-led government would still have to resolve the Land Reform issue which caused the House dissolution. The new coalition

government would also have to respond to public calls for further political reform.

During the initial stages, it appears certain that the new government will be pre-occupied with ensuring that all the factions within its member parties are appeased or satisfied, rather than focussing its efforts on resolving pressing problems or initiating necessary policies.

The possibility exists that the coalition could run into what one former Democrat minister described as a "stop-start" cycle.

The minister said the previous administration could not get down to resolving problems as much as it would have liked because the prime minister was often pre-occupied with dampening potentially explosive problems within the coalition.

When a government's stability appears uncertain, work by bureaucrats and government officials appears to slow down or stop completely as they look over their shoulders to see how things might end up.

Once the problem is resolved, work starts again.

"They really can't get down to solving the main issues if this cycle persists," he said.

Outlook for Chat Thai-Led Coalition Viewed

*BK0307020895 Bangkok THE NATION in English
3 Jul 95 p A1*

[“Comment”: “There’s Much to Prove”]

[FBIS Transcribed Text] In a close and exciting race, the Chat Thai Party yesterday won the people's mandate to form the new coalition government, with party leader Banhan Sinlapa-acha slated to become Thailand's 21st prime minister.

While Chat Thai members will be celebrating their win over the Democrats, Thailand's immediate future looks far from settled. That is because Chat Thai will have to form a coalition government and appoint ministers who not only will do justice to the people, but give itself legitimacy in the eyes of foreign businesses and governments.

Banhan can achieve this by not going against the tide of the people's political sentiment. He must not appoint as ministers party members with questionable reputations for the sake of Thailand's international standing.

The Chat Thai Party leader must also as quickly as possible fairly and unequivocally investigate the charges of vote buying and abuses — uncovered either by PollWatch or the Police — that have dominated headlines over the past 45 days. Though this election

campaign was a brief one by normal standards, vote buying has been extensive, and unless some kind of decisive action is taken, it could undermine the stability of the new government.

Banhan — whose party was alleged to have been among the worst vote-buying offenders — stands on the threshold of helping Thai politics towards greater maturity if he keeps his campaign promises. He has pledged to reform the political system that has been plagued with the disease of money politics. He has promised to embark on bureaucratic reform to improve state services for the people. He has hinted that he was prepared to appoint non-MPs with good qualifications and reputations as ministers.

We hope that he can convince his party members to put national interest before party and self interest. We hope that he can uphold the freedom of the press, which was one of the hallmarks of the Chuan government. We hope that a Chat Thai-led government can really prove that it is able to live up to the principles of accountability and transparency.

We also hope that Banhan has learned from the mistakes of the Democrat-led government which was too preoccupied throughout its tenure with political problems caused by its coalition partners when it should have made more progress with long term solutions to such pressing problems as Bangkok's traffic crisis.

There are many responsibilities that come with being a democratically-elected government. It is not a license to practice nepotism and corruption. It is no exaggeration to say that there are worries in many quarters of the Thai business community and diplomatic corps about a Chat Thai-led government. The party does not have a mature base nor is its history a noteworthy one.

As was apparent in the policy-influenced campaigns of several parties, the world has indeed changed in regard to the people's perceptions. A Chat Thai government must with good judgment examine the waves of liberalization and decentralization that the country is unlikely to avoid if it is to emerge as a strong nation in the 21st century.

Much awaits a Chat Thai-led cabinet. At this point, there is little to be cheerful about. But Banhan can prove us wrong.

Narong Wongwan Defeated by Former Aide in Phrae

BK0307061395 Bangkok BANGKOK POST
in English 3 Jul 95 p 3

[FBIS Transcribed Text] Six-time MP Narong Wongwan was trounced yesterday by a former longstanding

aide in the northern province of Phrae, which has one constituency with three seats.

Democrat candidate Siriwan Pratsachaksattru, standing for the first time, got 138,661 votes followed by Chat Thai's Dusit Rangphasiri with 137,632 and Metha Uaphinyakun with 132,948, who were re-elected.

They were team-mates of Mr Narong, who came fourth with 118,255 votes. In two earlier elections Mr Narong won the most votes of any candidate in the country.

Mr Narong's possible candidacy for a Cabinet post became an election issue because the United States slapped a visa ban on suspicion of links to drug trafficking. Mr Narong denies the allegation.

His Chat Thai colleague Watthana Atsawahem, was reelected in Samut Prakan without problems.

Mr Watthana has denied involvement in oil smuggling during the election campaign.

Mrs Siriwan, 39, also known as Mae Liang Tik (Mae Liang in the North means an influential well-to-do woman) is a daughter of Sanit Suphasiri, a former close aide of Mr Narong.

She decided to stand for election after a decade of supporting Mr Narong's political career.

Mrs Siriwan said she thought it was time she entered politics.

Her decision was confirmed when no room was left for her in the Chat Thai team.

She said she was proud of her victory which proved that "money cannot buy voters".

Out of eight districts in Phrae, Mrs Siriwan topped the poll in three: Sung Noen, Rong Kwang and Song; and in Nong Muang Khai subdistrict.

"I'm not surprised at the result as surveys showed my popularity was always promising.

"Money was dumped heavily in the province in the last two days of campaigning but the result shows that it cannot win over the people," Mrs Siriwan said.

Mr Narong was elected in 1979, 1983, 1986, 1988 and twice in 1992.

During the last three days of campaigning, reports emerged of an underground sweepstake with a Honda Civic car as the prize.

Hundreds of thousands of illegal tickets were distributed.

The prize was said to be for the person with ticket numbers matching those of the first prize in the next state-run lottery.

But the main condition of the prize was that all Chat Thai candidates had to be elected, according to observers.

Editorial Offers Suggestions to New Government

*BK0307043395 Bangkok THE NATION in English
3 Jul 95 p A6*

[Editorial: "We Need a Progressive Government for a Progressive Thailand"]

[FBIS Transcribed Text] After today, political parties which were previously engaged in discrediting each other will be entering into alliances to form the new government. In Thai politics, it is not uncommon for strange bedfellows to come together.

What matters most now is for the new government to be accountable to the people and towards this end the prodemocracy groups will play a very important role in ensuring that the people are not taken for a ride. We do agree that the concept of liberal democracy is new in Thailand, and it would take several more elections for a more "people-friendly" government to emerge. For the time being however, we still have to bear with the "old faces".

But we, the people, have every right to make it known to these politicians, that if they do not perform to our expectations, we will through democratic means force them to vacate their seats in the House of Representatives.

There is a strong possibility that it could be business-as-usual for the new government, when it comes to running the country. The previous Chuan government's policies and practices could still be adhered to. If that then is the case, caution needs to be exercised.

Economic challenges

Though most economists predict that the Thai economy would expand faster this year with growth hovering around 8.5 per cent, there is also the frightening prospect that the country's dazzling economic performance could be easily swept away. Whether one likes it or not, the harsh reality is that Thailand's NIC[newly industrialized country]-like performance has been largely due to the willingness of the United States and western Europe to provide a reasonably open market for Thai exports. Indeed, the Thai economy has a structural weakness which has to be acknowledged. Can we now be certain that the new finance minister will be able to address these problems? The previous Finance Minister Tharin

Nimmanhemmin showed his economic wizardry. Can the new one match his?

When observing what Thailand does export, it is also worth noting that it does not export products which are the necessities of life. In fact, the world could get along without this output if it had to. But Thailand needs to export to feed itself. This leaves the country vulnerable to protectionism, but perhaps more importantly to shifts in taste in the west, and to any of the technical developments which could cut the price at which these products will sell. If the product lines are narrow, so too are the markets. Thailand's prosperity depends on the willingness of North America, western Europe and Japan to accept its products.

Infrastructure weaknesses

Thailand is also weak in both its infrastructure and its dependence on imported energy. While the building of infrastructure will be by itself an important component of the country's economic growth, it will also be a restraint on growth, as resources will have to be diverted from export-oriented industries. The Chuan Cabinet for instance endorsed a proposal to use Bt40.8 billion of state funds to build an electric railway in Bangkok. The Chuan government's decision in mid-June capped six months of little action amidst lots of politicking over mass transit system plans. It remains to be seen whether there will be more delays as the new government tackles the projects.

One very important area where there needs to be serious consideration is trade in ideas. Trade in ideas may well become more significant, as the west is likely to become less relaxed about giving its ideas to the rest of the world free of charge. To this end, creativity needs to be encouraged in Thailand. Excellence cannot be developed by learning by rote. People taught to pass exams by picking the correct answers to a series of multiple-choice questions are not people who are being encouraged to think creatively. Thai students may study English for perhaps 10 years, pass their exam, and yet hardly be able to speak a word of the language.

This fundamental weakness of the Thai educational system must be recognized, and the new government followed by subsequent ones must show their depth of commitment to education, with the aim of producing creative Thais. Unless creativity is encouraged in schools and more resources put into post-graduate work, it makes it very difficult for Thailand to advance beyond what has been achieved elsewhere.

Finally, it may not be just creativity which the education systems are failing to deliver, it is also judgement. If Thailand is to play an economically important role in

the region, good political judgement will be vital. To this end, the culture of democracy and the respect for human rights must be nurtured among the young.

Can old-time politicians fulfill these demands for a new progressive Thailand? We need leaders with vision, not ones who would run the country like a business corporation or ones who would use their Cabinet positions to plunder the country. In the 21st century, the economic balance of the world will shift towards the Asia-Pacific region, and Thailand must not be left out because of a government caught in a time-warp.

Public Urged To Monitor Politicians Closely

BK0307072695 Bangkok BANGKOK POST
in English 3 Jul 95 p 5

[Post Opinion: "The People Have Spoken; Let Their Voice Be Heard"]

[FBIS Transcribed Text] The only time that most Thai people feel they have a real sense of potency in their dealings with the country's politicians is before an election. It is the time when politicians of varying political shades are most responsive to the wishes of the people and treat them as their equals. They untiringly comb the streets and venture into dilapidated slums which they would avoid under normal circumstances to seek out the people and offer them pledges, usually with one single objective in mind — and that is to win the election.

This pattern remained unchanged in the run-up to yesterday's election. It is also the same with the way many politicians bought their way into Parliament. One dejected PollWatch official conceded yesterday that he suspected that all political parties contesting the election had to some extent engaged in votebuying. Because of the high stakes involved, it appears that no party can afford to sit idly by and watch its prospects of victory dwindle as its rivals throw money around to buy votes. At least 17 billion baht was believed to have been spent on electioneering by all the parties. And this lump sum does not include the unspecified amount spent to buy votes.

Public response to the election, reflected in the higher rate of voter turnout, was heartening and this was clearly due to the unprecedented publicity campaign mounted by the parties and the government. But the higher turnout may not necessarily mean an increase of public trust and confidence in the politicians or in the new government that will emerge.

While the official nationwide poll result has yet to be announced, unofficial poll tallies showed the Chat Thai Party leading the Democrats. Traditionally, the party

winning the most seats earns the right to make the first attempt to form the new coalition government. Political horse-trading reportedly began late last night among parties likely to forge an alliance to create the new administration.

At this stage, it is the prerogative of the politicians to decide whom among them will be named to the Cabinet with the voters relegated to the position of mere spectators. But this lack of involvement should not be the case after so many failures and disappointments which characterized the performance of several former ministers in previous administrations.

Voters should not feel content with just casting ballots and then accepting the result as a fait accompli. All too often, what follows is that a bunch of politicians claiming to have a mandate from the people proceed to meddle with the fate of the country by acting according to their own whims. The electorate should be more assertive in making their expectations known and pressing for campaign pledges to be honored by the new government. And the first demand must be that no individuals suspected of illegal activities or whose credibility is in such doubt that it could tarnish the reputation of the country should be appointed to the Cabinet.

Picking his ministers, if his party is to be the core in forming the next government, may pose some difficult decisions for Chat Thai leader Banhan Sinlapa-acha, but the task can be made easier if he follows the long-standing advice given by His Majesty the King who said it was not possible to make everyone a good person, but it was possible to prevent bad people from administering the country.

The voters must also tell the politicians through the media in no-nonsense terms that they want a competent government which is good at acting rather than just good at talking and also a government which is more responsive to their aspirations. Such an ideal government may be difficult to find given the harsh realities of present-day politics, but it is not totally impossible for the winning parties to attain if they are truly determined to prove beyond suspicion that they can govern competently and, above all, honestly.

Most voters in all elections, including the one yesterday, seem to have one common wish when they cast their ballots, and that is for a good government. Unfortunately, this wish has always remained elusive, much to the chagrin and resignation of the voters.

The voters' sense of impotency towards their representatives once the polling is over must not be allowed to persist. It is time they shed their apathetic attitude and

made it abundantly clear that they will never tolerate another government which is corrupt, incompetent, does not fulfill its pledges and ignores the aspirations of the people who put it in power.

Vietnam

Commentary Criticizes Dole Statement on Relations

BK0107141295 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Jul 95

[Station commentary]

[FBIS Translated Text] In a meeting on 28 June at the United States Congress between families of American servicemen missing in the Vietnam War with members of a responsible committee of the United States Congress, Senator Bob Dole said: How can we discuss normalization of diplomatic relations with Vietnam, a nation that committed war crimes against American prisoners and is being led by war criminals?

For a long time, the issue of establishment of full diplomatic relations with Vietnam has become an internal affair of the United States, thus it would be unnecessary for us to pay any attention to what Mr. Bob Dole said. That is until he made those groundless comments, which are offensive to the Vietnamese people.

Everyone knows that on 29 June, the United States Defense Department praised Vietnam for giving the Americans documents with information of highest ever value regarding American servicemen missing in the war. Senators John Kerry and John McCain, who participated in the Vietnam War, also acknowledged that Vietnam cooperates very well on the MIA issue and recommended that the U.S. administration establish full diplomatic relations with Vietnam. Mr. Christopher, secretary of state, and all advisers to the U.S. President also hold the same view on the matter. President Bill Clinton himself also acknowledged the effective cooperation rendered by Vietnam and has said to Americans that Vietnam is a country and no longer a war.

It is noteworthy that the families of missing servicemen present at the meeting also said that they do not oppose immediate normalization of diplomatic relations with Vietnam. These relatives of missing servicemen, who have suffered great loss, still hold such a reasonable attitude. Mr. Bob Dole's act of putting a monkeywrench in the works must have been prompted by a personal motive that he does not want to reveal.

In the determination to close the past, the Vietnamese people have temporarily put aside the war crimes issue. However, Senator Bob Dole refused to do the same and blatantly accused Vietnam of committing war crimes.

Who are war criminals? Mr. McNamara in his well known book of memoirs on the Vietnam war, which was published recently, admitted: I see Vietnam much clearer now than in the 1960's. We were wrong, terribly wrong. We owe the future generations an explanation for our mistakes in the Vietnam war.

Now Mr. Bob Dole is following in the footsteps of Mr. McNamara, and maybe later on it will be his turn to write his confessions of the sins and mistakes he is now committing.

Commentary Views U.S.-DPRK Nuclear Agreement

BK0107103995 Hanoi Voice of Vietnam in English 1000 GMT 30 Jun 95

[Station commentary]

[FBIS Transcribed Text] The U.S. and North Korea have reached a nuclear agreement in Kuala Lumpur. The two sides have agreed to implement the framework agreement signed by both sides on 21 October last year in Geneva. Under the agreement, the two sides would start the construction of light water nuclear reactors according to the framework agreement. The Korean Energy Development Organization, consulted by the United States, will be responsible for the financial and technical supply for North Korea's nuclear reactors according to its current technology.

The agreement resulted in mutual compromise for mutual benefit. After the Cold War, the United States has changed its policy toward North Korea from isolation and blockage to open door and encouraging policy. So doing, the United States should be closer to the U.S. [sentence as heard] For its part, North Korea also considered the improvement of relations with the United States as an important factor to solve a number of domestic difficulties.

The agreement this time is a positive step in the process to ease tension in the Korean Peninsula, purify the relations in Northeastern Asia for peace, stability, and cooperation. However, the agreement is not an overall solution for a number of existing complicated issues. It depends on the following steps of both the United State and North Korea as well as the concerned parties.

Iraqi Vice President Makes Official Visit

Outcome of Visit Noted

BK3006162695 Hanoi Voice of Vietnam in English 1000 GMT 29 Jun 95

[Station commentary]

[FBIS Transcribed Text] Iraqi Vice President Taha Yasin Ramadan arrived in Hanoi on Thursday [29 June]

for a two-day official visit. The visit will open up new prospects for relations between Vietnam and Iraq. Our radio's correspondent has more about bilateral relations:

This is the second visit of an Iraqi vice president to Vietnam in more than 10 years. The first time took place in 1982. In fact, Vice President Taha Yasin Ramadan's current visit is made to some Asian countries including Vietnam, Indonesia, and China. Vietnam is his first leg. It was not a sudden that Vice President Taha Yasin Ramadan selected Vietnam as the first stop of his trip. It is because Vietnam will soon become a full member of the ASEAN and is one of the countries interested by developed countries. Vietnam also has certain position in Southeast Asia. Another important factor is that Iraq would like to affirm its relations with Vietnam, which is making positive progress.

The fact is that Vietnam and Iraq have a long traditional friendship. During the war years, Vietnam received strong support and assistance from Iraq. Before the Gulf War, Iraq received 15,000 Vietnamese guest workers and at present, though Iraq is meeting with many difficulties due to the consequences of the Gulf War, it continues to attach great importance to the relations with and assistance to Vietnam.

The current visit to Vietnam by Iraqi Vice President Taha Yasin Ramadan is a short one, but talks will be held with Vietnamese leaders on measures to strengthen bilateral relations, especially with regard to economic and commercial labor. This is an opportunity for the Vietnamese-Iraqi Intergovernmental Cooperation Commission to plan further development of economic and commercial ties between the two countries. It is certain that this would be a good opportunity to expand and develop relations and cooperation between Vietnam and Iraq.

Le Duc Anh Hosts Reception

BK0107083595 Hanoi VNA in English
1552 GMT 30 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 30 — President Le Duc Anh received here this morning Iraq's Vice President Taha Yasin Ramadan, who is now on a visit to Vietnam.

Speaking at the reception, Mr. Ramadan conveyed President Saddam Husayn's greetings and regards to Mr. Anh. He briefed [word indistinct] President Le Duc Anh on the socio-economic situation of Iraq over the past few years and extended his thanks to the government and people of Vietnam for their assistance to Iraq's defence for national independence. He expressed his belief in the further development of the friendly and cooperative ties between Iraq and Vietnam.

For his part, President Le Duc Anh hailed the visit as a milestone in the development of friendship between the two countries. He thanked the Iraqi people, government and their leaders for their precious assistance for Vietnam's struggle for national independence in the past and for its national reconstruction at present. He expressed his pleasure at the progress made by the Iraqi people to defend their national independence, overcome war aftermaths, thus gradually improving their socio-economic situation. He said he believed that the existing friendly and cooperative ties between the people of Vietnam and Iraq would be consolidated and developed unceasingly.

On this occasion, President Le Duc Anh asked Mr. Ramadan to convey his best regards to President Saddam Husayn and invitation to him to visit Vietnam.

The same day Vice President Ramadan held a press conference on his fruitful visit.

Visit Activities Outlined

BK0307145595 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 1 Jul 95

[FBIS Translated Text] At the invitation of Vietnamese Vice President Nguyen Thi Binh, a high-level delegation of the Republic of Iraq led by Vice President Taha Yasin Ramadan paid an official friendship visit to Vietnam from 28 June-1 July.

During his stay in Vietnam, Vice President Ramadan was cordially received by party General Secretary Do Muoi, State President Le Duc Anh, Prime Minister Vo Van Kiet, and National Assembly Chairman Nong Duc Manh. He also held talks with Vice President Nguyen Thi Binh.

Vice President Ramadan and his entourage visited the Ho Chi Minh Mausoleum, President Ho Chi Minh's residence and office, the Vietnamese Army Museum, and a number of economic and cultural establishments in Hanoi. Members of the Iraqi delegation also held working sessions with representatives of Vietnamese ministries and agencies concerned.

On 30 June, Vietnamese Deputy Foreign Minister Nguyen Dinh Vinh and his Iraqi counterpart (Abdul Sabee Adulree), representing their respective countries, signed a program for cultural, scientific, and educational cooperation for the 1995-97 period.

The Iraqi delegation left Hanoi on 1 July, concluding its official friendship visit to Vietnam with success.

Exchange Labor Agreement Signed With Laos*BK3006140695 Hanoi VNA in English
0630 GMT 30 Jun 95*

[FBIS Transcribed Text] An agreement on Vietnam-Laos labour cooperation which will serve as a legal basis for exchange of labour on the principle of equality and mutual benefit was signed here yesterday by Minister Tran Dinh Hoan and Minister Thongloun.

The same day, Deputy Prime Minister Phan Van Khai received here a delegation of Laos' Ministry of Labour and Social Welfare led by Minister Thongloun Siloulit. Deputy Prime Minister Khai welcomed the Vietnam visit by Minister Thongloun which he said, would promote the bilateral labour cooperation for the successful national construction in each country. Minister of Labour, War Invalids and Social Affairs Tran Dinh Hoan was present at the reception.

Prime Minister Receives Lao Guests*BK0107121795 Hanoi VNA in English
0629 GMT 1 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 1 — Prime Minister Vo Van Kiet received here yesterday afternoon a visiting delegation of the Lao prime minister's office led by Mr Khamsai Souphanouvong, minister and head of the office.

At the reception, Mr. Khamsai Souphanouvong informed the prime minister of his country's socio-economic situation and expressed his pleasure at the Vietnamese people's achievements in their national construction.

Welcoming the Lao guests, Prime Minister Kiet described their visit as a manifestation of the special friendship and multi-faceted cooperation.

Also on this occasion, the prime minister asked Mr. Khamsai Souphanouvong to convey his best regards to the leaders of the Lao party and state.

Lao Law Delegation Holds Working Visit**Talks Held***BK0107104595 Hanoi VNA in English
1600 GMT 30 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 30 — A delegation of the Law Committee of Laos's National Congress (NC) headed by M. Khambou Sounisai, vice chairman of the NC and head of the committee arrived here yesterday for a working visit to Vietnam at the invitation of the National Assembly's [N.A.] Law Committee.

The Lao delegation held talks this morning with a delegation of the N.A. Law Committee headed by its director Ha Manh Tri. During the talks, the two sides exchanged information on the two committees' activities as well as the law making work in each country. They discussed concrete measures to push up the cooperation between the two countries in law making.

The two committees agreed to continue their cooperation in appraising and making legal documents and exchanging views on issues of common concern.

Chairman Receives Delegation*BK0207090595 Hanoi VNA in English
1525 GMT 1 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 1 — The special friendship, solidarity and all-sided cooperation between Laos and Vietnam in general and their legislative bodies in particular should be further promoted, National Assembly Chairman Nong Duc Manh said today while receiving a delegation of the Law Committee of Laos's National Congress [NC].

The Lao mission, led by Mr Khambou Sounisai, vice chairman of the NC and head of its Law Committee, arrived here on June 29 for a working visit.

At the reception, Chairman Manh highlighted the achievements recorded by the Vietnamese people in the Doi Moi (Renovation) process, and stressed the visit was a good chance to exchange views and share experience between the two countries' law-making bodies.

Earlier the Lao congressmen held talks with a delegation of the Vietnamese National Assembly's law committee headed by its Director Ha Manh Tri.

The two sides agreed to continue their cooperation in appraising and making legal documents and exchanging views on issues of common concern.

Leaders Receive French Secretary of State*BK0107083795 Hanoi VNA in English
1600 GMT 30 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 30 — Vice President Nguyen Thi Binh and Deputy Prime Minister Nguyen Khanh received here today on separate occasions French Secretary of State for Foreign Affairs in Charge of French-speaking countries Ms. Margie Sudre who is also a special envoy of the French president, now on a working visit to Vietnam from June 28.

Speaking to her guest, Vice-President Nguyen Thi Binh welcomed the visit by Ms. Margie Sudre, the first member of the new government of France to visit Vietnam and have working sessions with Vietnamese relevant agencies on issues relating to the Vietnam-France relations, and to the French-speaking countries. The vice-president expressed her pleasure at new steps of development in the relationship between the two countries since the France visit by President Le Duc Anh in May this year. She said that Vietnam is ready to organise the summit meeting of the French-speaking countries in Vietnam in the coming time and consider the forthcoming summit as an important event in the development of the relations between the two countries.

While receiving Ms. Sudre, Deputy Prime Minister Nguyen Khanh highly valued the French Government and people's assistance to Vietnam in the political, economic and social fields. He said he hoped that Vietnam will be host to the seventh French-speaking summit in 1997.

For her part, Ms. Sudre expressed her fine impression on Vietnam's positive changes in the recent time, including the increase the French language learning among Vietnamese young people. She stressed that her visit's aim is to discuss the preparation for the organization of the summit in Vietnam, and that France is prepared to help Vietnam with materials as well as organisational experience for the meeting. She said she believed that the coming summit will be an opportunity to push up the multi-faceted cooperation between the two countries, especially in personnel training.

National Assembly Group Ends Visit to Russia

*BK3006122195 Hanoi VNA in English
0649 GMT 30 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 30 — A Vietnamese delegation of National Assembly deputies who are members of the Vietnam-Russian Parliamentary Friendship Association left for home from the Russian Federation on Tuesday, after concluding its eight-day official visit at the invitation of the Russian Duma (lower house).

Heading the delegation was vice-defence minister, member of the Committee of Foreign Affairs of the National Assembly, and chairman of the association Dao Dinh Luyen.

The delegation held talks with the first vice chairman of the Duma, chairman of the Committee of Foreign Affairs of the Duma, vice chairman of the Russian Federation Council (upper house) and other members of the Russian parliament.

During the talks, the two sides were informed of activities of the two parliaments.

Both sides expressed their determination to strengthen and expand the traditional friendship and co-operative relationship between the two countries and parliaments to benefit both their peoples, and for peace, stability and development in the region and the world.

The delegation also visited the Lenin Mausoleum.

National Assembly Delegation Visits Bulgaria

*BK0107084195 Hanoi Voice of Vietnam Network
in Vietnamese 1110 GMT 30 Jun 95*

[FBIS Translated Text] At the invitation of the National Assembly of the Republic of Bulgaria, our National Assembly delegation led by National Assembly Vice Chairman Dang Quan Thuy paid a working visit to Bulgaria from 26-30 June.

During their stay, our National Assembly delegation was received by Bulgarian National Assembly Chairman (Bolagovet Sanov), National Assembly Vice Chairman (Nora Ananieva), and the chairmen of the National Assembly's external relations, budget and finance committees. The delegation also met with all political groups in the National Assembly.

The delegation also had meetings with Deputy Prime Minister Svetoslav Shivarov and representatives of the president and the Ministry of Foreign Affairs.

Leaders of the National Assembly, government, and a representative of the Bulgarian president enthusiastically welcomed the Vietnamese National Assembly delegation and its working visit to Bulgaria. The delegation and its visit were considered a fine indication of the friendly, cooperative, and traditional relations between the national assemblies and the peoples of the two countries. They expressed admiration at Vietnam's past heroic resistance and current renovation achievement.

The two sides expressed their wishes to restore and develop the fine, traditional, friendly, and cooperative relations for the mutual benefit of the two peoples. The two sides also expressed their wishes for peace, stability, and development of the region and the world.

Angolan Delegation Concludes Visit, Departs

*BK3006065095 Hanoi VNA in English
1536 GMT 29 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 29 — A delegation of the Angolan Ministry for Foreign Affairs led by Deputy Minister J.B. Miranda, left here this morning, concluding their four-day official visit to Vietnam from June 26.

While here, the Angolan delegation paid a floral tribute to President Ho Chi Minh. It was received by Vice President Nguyen Thi Binh and Foreign Minister Nguyen Manh Cam.

Deputy Foreign Minister J.B. Miranda held talks with his Vietnamese counterpart Nguyen Dinh Bin, during which the two sides discussed measures to further consolidate and develop the existing solidarity, friendship and cooperation between the two countries in general and the two ministries in particular. They also exchanged views on international and regional issues of common concern.

The two sides considered the Angolan delegation's Vietnam visit as a new contribution to the further strengthening and development of the solidarity and cooperation between Vietnam and Angola.

Deputy Foreign Minister J.B. Miranda, for his part, expressed his admiration at the Vietnamese people's struggle for national independence in the past as well as their renovation process at present.

More Than 200 Foreign Projects Granted Licenses

*BK0207091895 Hanoi VNA in English
1516 GMT 1 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 1 — The State Committee for Cooperation and Investment (SCCI) in the past six months licensed more than 200 foreign investment projects with a combined capital of over USD 4 billion, a record figure so far.

Ho Chi Minh City has 73 projects with a total investment capital of nearly USD 1.2 billion, Hanoi gets 27 projects with a total capital of USD 524 million. Mean-

while Dong Nai gets 24 capitalized at USD 433 million and Thanh Hoa has two projects valued at USD 348 million.

Noteworthy is Japan which has 30 joint ventures with Vietnam capitalized at USD 755 million. Taiwan, South Korea and Singapore have from 26 to 28 joint venture projects with Vietnam. Ten projects with a combined investment capital of USD 295 million were granted to US firms. In addition, many foreign companies have entered into joint ventures with Vietnamese enterprises to carry out 121 industrial production projects totalling more than USD 1.5 billion, and 48 others on hotel, restaurant and tourist centre construction and services with a combined capital of nearly USD 1.55 billion.

At present there are 1,182 joint ventures and wholly foreign-invested projects capitalized at nearly US\$15 billion (USD 5.5 billion of which is expected to be used this year) are operating nationwide. In the first six months of this year, joint venture companies and 100 percent foreign invested projects paid a total tax of VND [Vietnamese Dong] 3,781 billion (roughly more than USD300 million), an increase of 44 percent compared with the same period last year.

So far, 50 countries and territories in the world have entered into joint ventures or invested 100 percent of capital in the production and business projects in Vietnam.

The SCCI is coordinating with relevant agencies in improving administrative procedures to grant licences in time to joint venture companies and 100 percent foreign capital companies, aimed at attracting more investment from foreign businesses.

Australia

Ministers Disappointed at U.S. Subsidy Decision

BK0307064595 Melbourne Radio Australia
in English 0500 GMT 2 Jul 95

[FBIS Transcribed Text] Australia's Federal Government says it is disappointed with the United States decision to continue using agricultural subsidies. Trade Minister Bob McMullan and Primary Industries Minister Bob Collins say world grain and dairy prices have strengthened so the U.S. could have substantially paid back the export subsidies. The ministers say there would be merit in the U.S. as European Union [is] reconsidering subsidy schemes, and they are pleased America has heeded Australia's request not to extend export subsidies into new markets. But they say they continue to have concerns about the impact of the two existing subsidy programs on world market as a whole and Australia's grain and dairy exports. Senator McMullan says when he visits Washington later this month he'll reiterate Australia's view that export subsidies are an ineffective way to promote exports in the long term.

Evans Views Ruling on Timor Gap Treaty

BK0207072595 Melbourne Radio Australia
in English 1100 GMT 1 Jul 95

[FBIS Transcribed Text] The foreign minister, Gareth Evans, says there is still international pressure for self-determination for East Timor as a part of Indonesia. Senator Evans' remarks came after the International Court of Justice in The Hague accepted Australian argument and decided it could not rule on a Portuguese claim that the Timor Gap Treaty between Australian and Indonesia is invalid. Sen. Evans said Australia would continue to push to improve human rights in East Timor.

[Begin Evans recording] It just puts beyond doubt the status of the Timor Gap Treaty which has been so important in the pursuit of our national interests, not in punching anybody else's oil but in allowing us to explore for and produce oil in our own claimed territory, and that will be a very considerable relief to the Indonesians as well, that this issue has been resolved. On the question again of the rights of the East Timorese people, we will just go and be doing what we have been doing and that is continually plugging away, making the point that this has become a running sore internationally for Indonesia, it hasn't helped Indonesia's reputation in any way, and it is very important that Indonesia address the human rights and other concerns which continue to be articulated by us and a lot of other countries. [end recording]

French Polynesia

Antinuclear Protesters Lift Traffic Blockade

BK0307100495 Hong Kong AFP in English
0955 GMT 3 Jul 95

[FBIS Transcribed Text] Papeete, July 2 (AFP) — A rally of several thousand opponents to French nuclear testing in the South Pacific lifted a traffic blockade Sunday and dispersed from central Papeete after demanding a meeting with French president Jacques Chirac.

More actions to protest the resumption of testing will follow, said organizers, without providing details.

At a meeting with Paul Ronciere, high commissioner of French Polynesia, a delegation of the Flotilla for Peace, an umbrella group of anti-nuclear organizations, called for residents of the territory to be consulted on the decision to resume testing in September.

"We have shown the opposition of an entire people to this decision," said pro-independence leader Oscar Temaru, who will accompany the Rainbow Warrior, flagship of the ecological movement Greenpeace, to the Mururoa atoll.

Ronciere asked members of the delegation to make a formal request to meet Chirac, which he will pass on to the French president.

Since opponents of nuclear testing do not appear satisfied with the information provided on the safety of the tests, Ronciere said he would try to find ways to "better respond to these questions."

After the meeting, protesters dispersed without incident.

Earlier, the protesters listened to prayers, sang hymns and heard sermons by Jacques Gaillot, former bishop of Evreux, in France, and by Jacques Ihorai, president of the Evangelical Church of French Polynesia.

The rally also marked the 29th anniversary of the first French atmospheric test at Mururoa on July 2, 1966.

Barricades that had blocked traffic at the eastern and western entrances to Papeete since noon Thursday were lifted at 9 a.m. Sunday (19h00 GMT), after a symbolic ceremony in front of the Atomic Energy Centre at Mahina, 10 kilometres (6 miles) from Papeete.

Backed by Hiti Tau, a Polynesian environmental group, some 100 people demonstrated with anti-nuclear banners and white coffins in front of the building in "remembrance of the victims of nuclear testing: Polynesian workers and French soldiers," Gaby Tetiarahi, a Hiti Tau representative said in a communique.

Hiti Tau is demanding the creation of an independent commission of international experts to investigate the test sites of Mururoa and Fangataufa "with total freedom of movement and without time restrictions."

A scientific mission will be welcomed on the test site after the end of the test period in May, 1996, according to the high commissioner.

On June 13, Chirac called for a series of eight underground nuclear tests to begin on Mururoa, 1,200 km (750 miles) from the capital Papeete, from September.

Meanwhile in Noumea, the capital of New Caledonia, about 2,500 people took part in a demonstration on Monday in support of France's nuclear policy, police said.

The organisers, the neo-Gaullist Rally for Caledonia in the Republic, which is opposed to attempts to make the French Pacific territory independent, said the turnout was 4,000.

Provincial elections take place in New Caledonia next week, in which the neo-Gaullists are defending a majority in the local congressional assembly.

New Zealand

McKinnon, Evans Discuss French Nuclear Testing

BK3006082195 Hong Kong AFP in English
0806 GMT 30 Jun 95

[FBI's Transcribed Text] Wellington, June 30 (AFP) — New Zealand and Australia will work together to coordinate regional opposition to the resumption of French nuclear testing in the Pacific, their foreign ministers announced here Friday.

New Zealand Foreign Minister Don McKinnon and Australian Foreign Minister Gareth Evans held talks which were part of a regular series of meetings, mainly to discuss economic relations.

But speaking at a joint press conference, McKinnon said: "We have agreed to work together regionally now and particularly with our South Pacific partners" to counter the French decision.

He said no action would be decided until those consultations had taken place.

Neither minister gave any indication of action beyond that already announced by their governments. Both have

frozen defence ties but there are some differences on the next steps to take.

When asked about a possible public information campaign against the tests that has been raised in Australia, McKinnon said New Zealand would not take part. "We are probably a bit apart" he said of that particular issue.

The ministers said in a joint statement that they had discussed five options for regional action.

These included the information campaign, excluding France from the South Pacific Forum dialogue, due after the forum's annual meeting in September this year in Papua New Guinea.

They said a regional action committee could be formed to provide information for non-government organisations running anti-nuclear test campaigns. There could also be a meeting of South Pacific environment ministers next month in Australia.

The two said assistance and involvement in the South Pacific Games in French Polynesia in August could also be refused.

McKinnon said there would be further consultation with South Pacific nations.

Evans said though the proposed meeting of environment ministers was "likely to go ahead."

He also said New Zealand's reluctance to exclude France from the South Pacific Forum's discussions had "hampered Australia's initiative." New Zealand has stated it does not want to exclude France.

Evans appeared to support the New Zealand view when he said at the press conference that he understood it.

"It did occur to us that (exclusion) was one kind of symbolic regional protest that could be usefully made," he said.

McKinnon said he would not attend French national day celebrations at the French Embassy in Wellington on July 14.

He said he had turned down his invitation. Prime Minister Jim Bolger and the opposition Labour Party have also said they would not attend.

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